

City of San Bruno

San Bruno, California

Comprehensive Annual Financial Report

For the year ended June 30, 2002

City of San Bruno
General Purpose Financial Statements
For the year ended June 30, 2002

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INTRODUCTORY SECTION



February 1, 2003

Honorable Mayor and City Councilmembers
City of San Bruno
San Bruno, CA 94066

Dear Mayor and City Councilmembers:

The Comprehensive Annual Financial Report (CAFR) for the City of San Bruno for the fiscal year ended June 30, 2002 is hereby submitted. The financial statements have been prepared by the City's Finance Department in accordance with generally accepted accounting principles for local governments as prescribed by the Governmental Accounting Standards Board (GASB). The accuracy of the data and completeness of the presentation including all disclosures rests with the City.

The City believes the data is accurate in all material respects and is presented in a manner fairly setting forth the City's financial position, results of operations, and cash flows of the various funds and account groups. Further, the City believes that all disclosures have been included that are necessary for a reader to understand the City's financial condition.

The CAFR is presented in three sections: Introductory Section, Financial Section, and the Statistical Section. Each of these sections is made up of a number of elements.

1. Introductory Section – This section includes this transmittal letter that highlights significant aspects of the City's financial operations during the year and the financial issued faced by the City as of June 30, 2002. This section also includes a list of principle officials and an organization chart.
2. Financial Section – This section includes the independent auditors' report, the combined general-purpose financial statements and related notes, combining and individual fund statements, and schedules and supplementary information.
3. Statistical Section – This section includes pertinent financial and non-financial statistical data that presents various economic, social, and demographic trends and other information about the City for the past ten years.

REPORTING ENTITY

The CAFR for the year ended June 30, 2002 covers the activities, organizational elements, and functions that the City's elected officials have the ability to control. The City's CAFR presents financial information on actions by which the City Council has the ability to impose its will and on the component unit that provides a financial benefit or creates a financial burden. A component unit is reported either as blended because of this imposition of will and general oversight or one that is discrete and operates somewhat separately from the City.

Imposition of its will is derived from the City's power and influence, including but is not limited to:

1. Ability to modify or approve budgets,
2. Appointment of a voting majority of other governing authorities,
3. Identification of management,
4. Ability to significantly influence operations, and
5. Ability to modify, veto or overrule decisions.

The City's blended component unit includes the operations of the San Bruno Redevelopment Agency. Component Unit Financial Statements and Independent Auditors' Reports for the San Bruno Redevelopment Agency were prepared for the year ended June 30, 2002.

ECONOMIC CONDITION AND OUTLOOK

The City of San Bruno is located in the San Francisco Bay Area, in the northern area of San Mateo County. It is located twelve miles south of San Francisco and adjacent to the San Francisco International Airport. Strategically located along Highway 101 and Interstate 280, the City enjoys easy access to the vast cultural, educational, and recreational opportunities of the San Francisco Bay Area.

The City's general economic outlook is closely tied to the Bay Area region and the country as a whole. For nearly all of 2001, Bay Area's economic trends declined, a condition made worse in the aftermath of events on September 11, 2001. All counties in the Bay Area experienced lower number of home sales during 2001, although the median prices throughout the region continued to climb.

The City's unemployment level was on par with San Mateo County at about 4.3%. The unemployment rate is higher than one year ago and was expected to increase prior to peaking. An additional economic indicator, the national consumer confidence index, decreased 1.7% during 2001. Sales tax cash receipts decreased 11% in San Mateo County over the 12-month period ending March 31, 2002. Lower

consumer spending, and even more importantly business spending, led to the drop in sales tax receipts.

Cities' revenues declined throughout San Mateo County because of reduced tourism and business travel beginning in early 2001. The impact on rate of transient occupancy tax collections has been consistently negative throughout the County. Revenues for cities like San Bruno that tax the gross receipts of airport parking facilities have similarly declined.

The first quarter of 2002 showed some signs of economic improvement. U.S. leading economic indicators increased an average of 2.9% and the Bay Area Consumer Price Index increased 2%. Taxable sales in the entire Bay Area are expected to increase throughout the rest of the year. However, most experts believed that the recovery could be less than robust and that economic conditions would only improve over an extended period of a year or longer.

MAJOR INITIATIVES

City Council Strategic Planning and Goals

On January 26, 2000, the City Council initiated a strategic planning and goal setting process. The City Council identified relevant issues facing the City and solicited public comment on the direction and goals for City action. At another follow-up, day long session on March 28, 2002, the City Council rearticulated the following strategic goals:

1. Protect and enhance revenue sources for programs,
2. Aggressively implement the Redevelopment Agency Plan, with emphasis on the Downtown,
3. Develop, adopt, and proceed with the City utility and infrastructure master plans,
4. Upgrade public facilities, and
5. Improve the community's image.

Redevelopment Plan

The City Council and the Redevelopment Agency of San Bruno approved the Redevelopment Plan for the San Bruno Redevelopment Area in August 1999. The Project Area, approximately 717 acres of commercial, industrial, and residential land uses in the City, consists of most of the area east of El Camino Real and the area known as The Crossing/ San Bruno (formerly the U.S. Navy Site). It includes the predominantly commercial areas along San Bruno Avenue, San Mateo Avenue (downtown), El Camino Real, and the Tanforan Park Shopping Center.

The Redevelopment Project Area was created in order to:

1. Eliminate adverse physical and economic conditions in the Project Area and enhance commercial districts,
2. Achieve redevelopment objectives for revitalization of the area and furthering the goals and objectives of the City's General Plan, and
3. Develop a pro-active strategy to respond to the significant regional transportation improvements in and surrounding the Project Area (BART, CalTrain, and the San Francisco International Airport) and to protect existing residential neighborhoods.

Redevelopment program activities began in 2000-01 to meet the long-term objectives of the Redevelopment Plan. The following programs were the focus of efforts in 2001-02:

1. The comprehensive strategic plan for downtown San Bruno including traffic and pedestrian circulation systems and parking, street lighting, landscaping, sidewalks, and street furniture,
2. Continued construction of the joint San Bruno-BART Police Facility
3. Neighborhood improvements within the Residential Conservation Areas that included a loan assistance program, and
4. Negotiating a development agreement with the developer of the Crossing/ San Bruno to insure provision of low-moderate income housing within a residential development.

San Bruno/BART Police Facility

Police services will be enhanced and the community better served by the opening of the San Bruno/BART Police Facility. The Police Plaza is a three-story structure with one story below grade and two stories above. The facility provides 23,200 square feet for police services and replaces a 7,000 square foot building. The building is located in the vicinity of the new San Bruno BART station at 1177 Huntington Avenue.

The San Bruno/BART Police Facility was nearing completion on a site adjacent to the new BART station and parking garage and is being financed by an issuance of certificates of participation. Site work and construction began in late 2000. Construction at the site was wrapping up as of June 30, 2002 and the department planned to relocate and operate from the facility beginning in September 2002.

2002 Wastewater Improvement Program

The City Council approved a resolution in September 2001 authorizing the accumulation of Lower City and Upper City Interceptor sewer improvement projects to be included in a certificate of participation financing. Proposed Wastewater Fund capital improvements for the period 2001-04, identified in the Wastewater Master Plan and Utility Rate Study, amount to \$7,117,000, about two-thirds of the identified capital project needs for the five-years ending in 2005-06.

Two sources of financing, pay-as-you-go revenues and debt financing, was required to fully fund these projects. The total of \$8,500,000 in projects proposed to be financed include \$4,700,000 in capital improvement projects budgeted between 2001-04 and \$3,800,000 previously budgeted for the 7th Avenue Relief Sewer Project.

The Lower City and Upper City projects proposed for financing were necessary to bring the City into compliance with the Regional Water Quality Control Board's November 2007 cease-and-desist mandate. These two large interceptor projects are composed of five smaller projects. These projects include the 7th Avenue Relief Sewer, Kains Avenue to Angus Avenue Relief Sewer, Angus Connector Sewer, Engvall Relief Sewer, and the Rollingwood Relief Sewer.

Voters Affirm TOT Rate

On July 22, 1991, the City Council adopted an ordinance increasing the Transient Occupancy Tax (TOT) from 8% to 10%. At that time, the widely accepted legal opinion was that voter approval of this rate increase was unnecessary because Proposition 62, which states that tax increases require voter approval, had been declared unconstitutional by the Court of Appeal. However, a Supreme Court decision in June 2001 expressly overturned the Court of Appeal decision.

The City Council placed a measure on the November 2001 municipal election ballot seeking voter approval of the 2% increase adopted by the City in 1991. A majority of voters affirmed the earlier action by the City Council and thereby preserved the existing rate for this source of City revenue.

Municipal Cable Television Internet Access and Digital Service

San Bruno Municipal Cable Television brings residents state of the art cable television technology and related broadband services, including high-speed internet service. In March 2002, the City launched sabruncable.com. This new service was established as an additional cable option including internet connectivity, internal e-mail system, and web-hosting services. Later in the year, the San Bruno Cable

began offering digital cable service, thereby expanding the cable channel capacity. Increasing channel capacity, allowed for expanded pay per view offerings, and special interest networks previously unavailable on the of analog system. Digital cable also brings with it improved video and audio quality.

FINANCIAL INFORMATION

Accounting and Budgetary Control

The City's accounting records are maintained on a modified accrual basis of accounting for all governmental fund types and agency funds. Under this basis, revenues are recognized when susceptible to accrual, i.e., both measurable and available and expenditures are recorded when paid, and recognized when the liability is expected to be liquidated with expendable, available resources. The full basis of accounting is used for the City's proprietary fund types that recognize revenues when earned and expenses when incurred.

In developing the City's accounting system, consideration was given to the adequacy of the internal accounting controls. Such controls are designed to provide reasonable, although not absolute assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records used for preparing financial statements and maintaining accountability of assets. The concept of reasonable assurance recognizes that the costs of a control should not exceed the benefits likely to be derived and that the evaluation of costs and benefits requires estimates and judgments by management. The City's internal accounting controls adequately safeguard assets and reasonably assure the proper accounting of financial transactions.

The City's budgets (General Fund and Special Operating Funds, Enterprise Funds, and the Capital Improvement Program) are detailed operating plans that identify estimated costs and results in relation to estimated revenues. The budgets represent processes through which policy decisions are made, implemented, and controlled.

General Government Functions

The general government functions are accounted for in the General Fund, Special Revenue Funds, and the Capital Improvement Project Program. These funds account for a majority of the City's operating and capital revenues and expenditures.

Revenues for general government functions totaled \$28,822,204 in 2001-02, a decrease of 8% over the preceding fiscal year. General Fund revenues also

decreased by 8% in 2001-02 when compared to the total revenue in the prior year. The following table presents the various sources of revenues, showing the related changes from the prior year.

**Revenue Comparisons
2000-01 and 2001-02**

	Fiscal Year 2001-02 Actual	Percent of Total	Change From Fiscal 2000- 01 Increase (Decrease)	
			Amount	Percent
REVENUES				
Taxes	\$13,600,471	47%	(\$593,936)	(4%)
Licenses and permits	3,405,934	12%	529,425	18%
Intergovernmental	6,279,693	22%	(2,232,740)	(26)%
Charges for current services	1,827,108	6%	346,000	23%
Fines and forfeitures	477,585	2%	(23,077)	(5%)
Use of money and property	1,719,668	6%	602,691	54%
Other	1,511,745	5%	(1,095,135)	(42%)
Total	\$28,822,204	100%	(\$2,466,772)	(8%)

Overall revenue for the governmental fund types decreased 8%. Tax revenue decreased by \$593,936 as a result of lower Sales Tax and Transient Occupancy Tax collections. Licenses and Permits increased by \$529,425 through a greater number of building permits and increases in permit fees. The increase in Use of Money and Property reflects the investment of the proceeds from the certificates of participation during construction and the San Bruno/BART Police Facility and the reclassification of equity earnings from Intergovernmental in 2000-01.

The changes in the Charges for Current Services revenue primarily reflect a general increase in user rates in 2001-02. Intergovernmental revenue was lower because of less funding for the Noise Abatement Program and from Federal and state grant programs (e.g., the Local Law Enforcement Block Grant and Traffic Congestion Relief). Other revenue appears lower because of the transaction liquidating the Stormwater Fund deficit that occurred in 2000-01.

All expenditures for government fund types increased by 47% compared to 2000-01. Noise Abatement activities increased by \$3,217,483 as a result of new construction phases in the airport noise abatement program. Capital Outlay expenditures included \$5,720,067 for the San Bruno/BART Police Facility. Expenditures by major service area and the related increases and decreases from the prior year are shown on the following table.

**Expenditure Comparisons
2000-01 and 2001-02**

			Change From Fiscal 2000-01 Increase (Decrease)	
	Fiscal Year 2001-02 Actual	Percent of Total	Amount	Percent
EXPENDITURES				
General Government	\$ 5,277,572	11%	\$ 742,646	16%
Public Safety	13,843,611	33%	2,871,139	26%
Public Works	1,135,506	3%	(1,806)	-
Highways and Streets	3,377,048	8%	787,447	30%
Parks and Recreation	3,775,558	9%	465,032	14%
Library	1,612,191	4%	299,440	23%
Noise Abatement	5,011,732	12%	3,217,483	179%
Capital Outlay	7,525,731	18%	4,604,288	158%
Debt Service	697,025	2%	599,858	617%
Total	\$42,255,974	100%	\$ 13,585,527	47%

Proprietary Operations

Enterprise Funds

The Enterprise Funds are used to account for City operations that are financed and operated in a similar manner to private business enterprises. Costs for providing these services to the public are recovered or financed primarily through user charges. The following table reflects actual revenues, expenses, and the results of operations for the year ended June 30, 2002.

**Revenues, Expenses, and Results of Operations
Enterprise Funds**

	Operating Revenues	Operating Expenses	Operating Income (Loss)	Net Income (Loss)
Water	\$ 6,136,182	\$ 4,447,164	\$ 1,659,018	\$ 1,418,588
Wastewater	5,267,665	3,681,836	1,585,829	1,357,397
Cable Television	6,218,611	5,867,330	351,281	222,920
Stormwater	653,370	97,056	556,314	344,753
Total	\$18,275,828	\$14,123,386	\$ 4,152,442	\$ 3,343,658

Internal Service Funds

The Internal Service Funds are used to account for the financing of services provided by one City Department or division to other City Department on a cost recovery basis. The following table shows revenues, expenses, and the results of operations for the year ended June 30, 2002.

Revenues, Expenses, and Results of Operations Internal Service Funds

	Operating Revenues and Transfers	Operating Expenses	Net Income (Loss)
Central Garage	\$ 424,325	\$ 486,310	\$ (61,985)
Self-Insurance	1,311,489	2,022,225	(710,736)
General Equipment Reserve	747,494	589,678	157,816
Technology	605,400	520,624	84,776
Facilities Maintenance	814,300	821,888	(7,588)
Total	\$ 3,903,008	\$ 4,440,725	\$ (537,717)

Fiduciary Operations

The City's fiduciary operations consist of agency funds. Agency funds are used to account for assets that are held by the City as an agency for private organizations and other governmental units. Agency funds held by the City include developers' payments for street project improvements and payments due the San Bruno Garbage Company collected from utility customers by the City's Finance Department.

Debt Administration

As of June 30, 2002, the City has \$9,600,000 outstanding Certificates of Participation for the San Bruno Redevelopment Agency and \$9,800,000 outstanding Certificates of Participation issued in May 2002 for waste water system improvements. Advances from Other Funds amounted to \$2,902,600. Of this total, the General Fund has advanced \$318,700 and the Equipment Reserve has advanced \$748,900 to the Redevelopment Agency. An additional \$835,000 has been advanced to the Redevelopment Capital Project Fund and \$1,000,000 has been advanced to the Wastewater Enterprise Fund, both from the Equipment Reserve.

Cash Management

The City maintains a cash and investment pool for all City funds. The City Treasurer invests funds in accordance with the Investment Policy approved by the City Council. The objectives stated in the investment policy are legality, safety, yield, and liquidity. The Investment Policy addresses soundness of the financial institutions transacting business and safekeeping investments and the types of investments permitted by the California Government Code.

City investments include obligations of the U. S. Treasury, Agencies, the State Treasurer's Local Agency Investment Fund, and the San Mateo County Pooled Investment Fund.

Risk Management

The City's risk management program provides for general liability, workers compensation, and property damage loss coverage. Resources have been accumulated in the Self-Insurance Fund (an internal service fund) to fund claim losses. General liability and property insurance coverage and claims and risk management services are provided through the City's participation in the Association of Bay Area Governments (ABAG) Plan Corporation. The City is self insured for workers compensation and contracts with an outside firm to administer and adjust workers compensation claims. In addition, the City maintains an excess workers compensation policy.

INDEPENDENT AUDIT

The City's Municipal Code requires an annual audit of the financial records by an independent audit firm selected by the City Council. The General Purpose Finance Statements for the year ended June 30, 2002 have been audited by Caporicci & Larson, Certified Public Accountants. The firm's opinion is included in the financial section of this report.

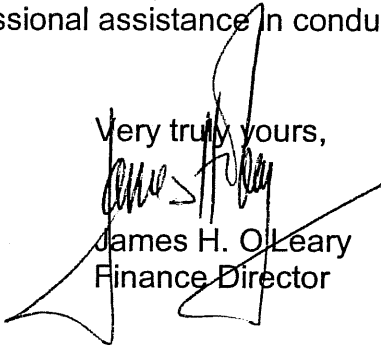
ACKNOWLEDGEMENTS

This audit report was prepared in conformance with the requirements for a Comprehensive Annual Finance Report. Enhancing the City's overall financial reporting, in this instance going beyond basic audited financial statements, is an acknowledged objective for the Finance Department.

I would like to express my appreciation for the collective effort that was necessary for the preparation of the Comprehensive Annual Financial Report. I would like to thank the City Council and the various City Council Ad Hoc Committees

for their interest and policy oversight on the various fiscal issues addressed during the year. In addition, the City Manager and the City's Department Heads should be acknowledged for their continued attention to planning and conducting the City financial operations in a responsible and progressive manner. Finally, I thank Caporicci & Larson for their professional assistance in conducting the audit.

Very truly yours,



James H. O'Leary
Finance Director

FINANCIAL SECTION



Caporicci & Larson
Certified Public Accountants

Offices located in:
Bay Area
Orange County
Sacramento

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of City Council
of the City of San Bruno
San Bruno, California

We have audited the accompanying general purpose financial statements of the City of San Bruno, California (City), as of June 30, 2002 and for the year then ended, as listed in the foregoing table of contents. These general purpose financial statements are the responsibility of the management of the City. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City as of June 30, 2002, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles in the United States.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 4, 2002, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions, laws, regulations, contracts, and grants.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying combining, individual funds and account groups financial statements and schedules listed in the foregoing table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the City. This additional information is the responsibility of the management of the City. Such additional information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects when considered in relation to the general purpose financial statements taken as a whole.

Caporicci & Larson

Oakland, California
October 4, 2002

Toll Free Tel: (877) 862-2200

Bay Area
1300 Clay Street, Suite 600
Oakland, California 94612

Orange County
3184-D Airway Avenue
Costa Mesa, California 92626

Toll Free Fax: (866) 436-0927

Sacramento
777 Campus Commons Rd., Suite 200
Sacramento, California 95825

GENERAL PURPOSE FINANCIAL STATEMENTS

City of San Bruno
Combined Balance Sheet
All Fund Types and Account Groups
June 30, 2002
(With comparative totals for June 30, 2001)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
ASSETS AND OTHER DEBITS				
Assets:				
Pooled cash and investments	\$ 1,667,781	\$ 3,663,929	\$ 81,136	\$ 1,044,994
Restricted pooled cash and investments	-	-	898,850	3,019,458
Receivables:				
Taxes	370,417	143,313	-	-
Accounts	-	-	-	73,264
Interest	119,609	8,991	-	-
Utilities	-	-	-	-
Other	105,141	-	-	-
Due from developers	-	-	-	-
Due from other agencies	-	95,787	-	-
Due from other funds	4,199,975	-	-	-
Inventory	5,804	-	-	-
Advances to other funds	318,700	-	-	-
Fixed assets, net	-	-	-	-
Deferred charges	-	-	-	-
Other Debits:				
Amount available in Debt Service Fund	-	-	-	-
Amount to be provided for retirement of general long-term obligations	-	-	-	-
Total assets and other debits	\$ 6,787,427	\$ 3,912,020	\$ 979,986	\$ 4,137,716
LIABILITIES, FUND EQUITY, AND OTHER CREDITS				
Liabilities:				
Accounts payable	\$ 182,426	\$ 816,572	\$ -	\$ 195,826
Accrued salaries and employee benefits	1,221,597	-	-	-
Due to other funds	-	3,644,376	-	399,835
Advances from other funds	-	1,067,600	-	835,000
Customer and other deposits	-	-	-	-
Claims payable	-	-	-	-
Current portion of long-term debt	-	-	-	-
Capital lease obligations	-	-	-	-
Compensated absences	-	2,504	-	-
Refundable deposits	41,550	-	-	-
Loan payable	-	-	-	-
Certificates of participation	-	-	-	-
Total liabilities	1,445,573	5,531,052	-	1,430,661
Fund Equity and Other Credits:				
Contributed capital	-	-	-	-
Investment in general fixed assets	-	-	-	-
Retained earnings:				
Reserved	-	-	-	-
Unreserved	-	-	-	-
Fund balances:				
Reserved	422,501	-	979,986	2,707,055
Unreserved, undesignated	4,919,353	(1,619,032)	-	-
Total fund equity and other credits	5,341,854	(1,619,032)	979,986	2,707,055
Total liabilities, fund equity and other credits	\$ 6,787,427	\$ 3,912,020	\$ 979,986	\$ 4,137,716

See accompanying Notes to General Purpose Financial Statements.

Proprietary Fund Types		Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)	
Enterprise	Internal Service	Agency	General Fixed Assets	General Long- Term Debt	2002	2001
\$ 11,647,102	\$ 3,519,169	\$ 194,490	\$ -	\$ -	\$ 21,818,601	\$ 31,271,639
9,372,467	56,200	-	-	-	13,346,975	8,585,921
-	-	-	-	-	513,730	682,647
-	-	418,814	-	-	492,078	443,039
96,604	-	-	-	-	225,204	323,618
1,575,637	-	-	-	-	1,575,637	1,360,987
3,960	-	-	-	-	109,101	79,000
-	-	324,000	-	-	324,000	324,000
-	-	-	-	-	95,787	6,173
-	950,139	-	-	-	5,150,114	4,019,781
307,562	-	-	-	-	313,366	315,691
-	2,583,900	-	-	-	2,902,600	2,124,496
24,460,706	745,424	-	15,491,087	-	40,697,217	38,280,275
427,533	-	-	-	-	427,533	-
-	-	-	-	979,986	979,986	82,012
-	-	-	-	11,417,525	11,417,525	11,254,146
<u>\$ 47,891,571</u>	<u>\$ 7,854,832</u>	<u>\$ 937,304</u>	<u>\$ 15,491,087</u>	<u>\$ 12,397,511</u>	<u>\$ 100,389,454</u>	<u>\$ 99,153,425</u>
\$ 728,379	\$ 95,858	\$ 342,428	\$ -	\$ -	\$ 2,361,489	\$ 4,111,454
-	-	-	-	-	1,221,597	1,428,901
-	1,047,939	57,964	-	-	5,150,114	4,019,781
1,000,000	-	-	-	-	2,902,600	2,124,496
-	-	536,912	-	-	536,912	516,476
-	1,300,391	-	-	-	1,300,391	1,042,609
197,648	-	-	-	-	197,648	40,448
-	-	-	-	-	-	42,648
316,932	51,971	-	-	1,436,837	1,808,244	2,072,975
76,087	-	-	-	-	117,637	199,805
-	-	-	-	1,360,674	1,360,674	-
9,645,000	-	-	-	9,600,000	19,245,000	9,600,000
<u>11,964,046</u>	<u>2,496,159</u>	<u>937,304</u>	<u>-</u>	<u>12,397,511</u>	<u>36,202,306</u>	<u>25,199,593</u>
3,270,857	2,894,886	-	-	-	6,165,743	3,248,518
-	-	-	15,491,087	-	15,491,087	18,928,047
-	2,583,900	-	-	-	2,583,900	1,805,796
32,656,668	(120,113)	-	-	-	32,536,555	32,679,786
-	-	-	-	-	4,109,542	685,606
-	-	-	-	-	3,300,321	16,606,079
<u>35,927,525</u>	<u>5,358,673</u>	<u>-</u>	<u>15,491,087</u>	<u>-</u>	<u>64,187,148</u>	<u>73,953,832</u>
<u>\$ 47,891,571</u>	<u>\$ 7,854,832</u>	<u>\$ 937,304</u>	<u>\$ 15,491,087</u>	<u>\$ 12,397,511</u>	<u>\$ 100,389,454</u>	<u>\$ 99,153,425</u>

City of San Bruno

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances

All Governmental Fund Types

For the year ended June 30, 2002

(With comparative totals for the year ended June 30, 2001)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
REVENUES:				
Taxes	\$ 12,826,520	\$ 646,522	\$ 127,429	\$ -
Licenses and permits	2,844,864	-	-	561,070
Intergovernmental	2,472,043	3,807,650	-	-
Charges for current services	1,827,108	-	-	-
Fines and forfeitures	477,585	-	-	-
Use of money and property	1,238,541	70,810	43,092	367,225
Other	441,995	78,098	-	991,652
Total revenues	22,128,656	4,603,080	170,521	1,919,947
EXPENDITURES:				
Current:				
General government	4,678,417	164,977	-	434,178
Public safety	13,708,650	134,961	-	-
Public works	1,135,506	-	-	-
Highways and streets	1,389,366	1,987,682	-	-
Parks and recreation	3,642,476	133,082	-	-
Library	1,589,273	22,918	-	-
Noise abatement	-	5,011,732	-	-
Capital outlay	-	-	-	7,525,731
Debt service:				
Principal	-	-	75,000	-
Interest and fiscal charges	-	-	622,025	-
Total expenditures	26,143,688	7,455,352	697,025	7,959,909
REVENUES OVER (UNDER) EXPENDITURES	(4,015,032)	(2,852,272)	(526,504)	(6,039,962)
OTHER FINANCING SOURCES (USES):				
Operating transfers in	2,598,784	-	-	200,000
Operating transfers out	-	(1,544,319)	-	(74,837)
Proceeds from loan	-	-	-	1,360,674
Bond issuance costs	-	-	-	-
Total other financing sources (uses)	2,598,784	(1,544,319)	-	1,485,837
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(1,416,248)	(4,396,591)	(526,504)	(4,554,125)
FUND BALANCES:				
Beginning of year	7,102,506	2,777,559	1,506,490	7,329,608
Residual equity transfer	(344,404)	-	-	(68,428)
End of year	\$ 5,341,854	\$ (1,619,032)	\$ 979,986	\$ 2,707,055

See accompanying Notes to the General Purpose Financial Statements.

Totals (Memorandum Only)	
2002	2001
\$ 13,600,471	\$ 14,194,407
3,405,934	2,876,509
6,279,693	8,512,433
1,827,108	1,481,108
477,585	500,662
1,719,668	1,116,977
1,511,745	2,606,880
28,822,204	31,288,976
5,277,572	4,534,926
13,843,611	10,972,472
1,135,506	1,137,312
3,377,048	2,589,601
3,775,558	3,310,526
1,612,191	1,312,751
5,011,732	1,794,249
7,525,731	2,921,443
75,000	70,000
622,025	27,167
42,255,974	28,670,447
(13,433,770)	2,618,529
2,798,784	3,736,900
(1,619,156)	(3,871,970)
1,360,674	9,600,000
-	(329,737)
2,540,302	9,135,193
(10,893,468)	11,753,722
18,716,163	6,962,441
(412,832)	-
\$ 7,409,863	\$ 18,716,163

City of San Bruno

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances -

Budget and Actual - All Governmental Fund Types

For the year ended June 30, 2002

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance	Revised Budget	Actual	Variance
REVENUES:						
Taxes	\$ 12,867,500	\$ 12,826,520	\$ (40,980)	\$ 510,000	\$ 646,522	\$ 136,522
Licenses and permits	2,650,450	2,844,864	194,414	-	-	-
Intergovernmental	2,394,000	2,472,043	78,043	6,841,486	3,807,650	(3,033,836)
Charges for current services	1,189,400	1,827,108	637,708	-	-	-
Fines and forfeitures	507,000	477,585	(29,415)	-	-	-
Use of money and property	1,155,300	1,238,541	83,241	207,000	70,810	(136,190)
Other	65,500	441,995	376,495	50,400	78,098	27,698
Total revenues	20,829,150	22,128,656	1,299,506	7,608,886	4,603,080	(3,005,806)
EXPENDITURES:						
Current:						
General government	4,921,639	4,678,417	243,222	905,627	164,977	740,650
Public safety	12,981,433	13,708,650	(727,217)	100,588	134,961	(34,373)
Public works	1,197,119	1,135,506	61,613	-	-	-
Highways and streets	1,354,353	1,389,366	(35,013)	7,648,026	1,987,682	5,660,344
Parks and recreation	3,139,209	3,642,476	(503,267)	118,480	133,082	(14,602)
Library	1,577,691	1,589,273	(11,582)	-	22,918	(22,918)
Noise abatement	-	-	-	4,987,069	5,011,732	(24,663)
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	25,171,444	26,143,688	(972,244)	13,759,790	7,455,352	6,304,438
REVENUES OVER (UNDER) EXPENDITURES	(4,342,294)	(4,015,032)	327,262	(6,150,904)	(2,852,272)	3,298,632
OTHER FINANCING SOURCES (USES):						
Operating transfers in	2,601,265	2,598,784	(2,481)	-	-	-
Operating transfers out	(775,000)	-	775,000	(290,000)	(1,544,319)	(1,254,319)
Proceeds from loan	-	-	-	-	-	-
Total other financing sources (uses)	1,826,265	2,598,784	772,519	(290,000)	(1,544,319)	(1,254,319)
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	\$ (2,516,029)	(1,416,248)	\$ 1,099,781	\$ (6,440,904)	(4,396,591)	\$ 2,044,313
FUND BALANCES:						
Beginning of year		7,102,506			2,777,559	
Residual equity transfer		(344,404)			-	
End of year		\$ 5,341,854			\$ (1,619,032)	

See accompanying Notes to General Purpose Financial Statements.

Debt Service Fund			Capital Projects Funds			Totals (Memorandum Only)		
Revised Budget	Actual	Variance	Revised Budget	Actual	Variance	Revised Budget	Actual	Variance
\$ -	\$ 127,429	\$ 127,429	\$ -	\$ -	\$ -	\$ 13,377,500	\$ 13,600,471	\$ 222,971
-	-	-	115,400	561,070	445,670	2,765,850	3,405,934	640,084
-	-	-	-	-	-	9,235,486	6,279,693	(2,955,793)
-	-	-	-	-	-	1,189,400	1,827,108	637,708
-	-	-	-	-	-	507,000	477,585	(29,415)
43,092	43,092	-	-	367,225	367,225	1,405,392	1,719,668	314,276
-	-	-	-	991,652	991,652	115,900	1,511,745	1,395,845
43,092	170,521	127,429	115,400	1,919,947	1,804,547	28,596,528	28,822,204	225,676
-	-	-	224,850	434,178	(209,328)	6,052,116	5,277,572	774,544
-	-	-	-	-	-	13,082,021	13,843,611	(761,590)
-	-	-	-	-	-	1,197,119	1,135,506	61,613
-	-	-	-	-	-	9,002,379	3,377,048	5,625,331
-	-	-	-	-	-	3,257,689	3,775,558	(517,869)
-	-	-	-	-	-	1,577,691	1,612,191	(34,500)
-	-	-	-	-	-	4,987,069	5,011,732	(24,663)
-	-	-	5,287,286	7,525,731	(2,238,445)	5,287,286	7,525,731	(2,238,445)
-	75,000	(75,000)	-	-	-	-	75,000	(75,000)
-	622,025	(622,025)	-	-	-	-	622,025	(622,025)
-	697,025	(697,025)	5,512,136	7,959,909	(2,447,773)	44,443,370	42,255,974	2,187,396
43,092	(526,504)	(569,596)	(5,396,736)	(6,039,962)	(643,226)	(15,846,842)	(13,433,770)	2,413,072
-	-	-	984,600	200,000	(784,600)	3,585,865	2,798,784	(787,081)
-	-	-	(74,837)	(74,837)	-	(1,139,837)	(1,619,156)	(479,319)
-	-	-	1,360,674	1,360,674	-	1,360,674	1,360,674	-
-	-	-	2,270,437	1,485,837	(784,600)	3,806,702	2,540,302	(1,266,400)
<u>\$ 43,092</u>	<u>(526,504)</u>	<u>\$ (569,596)</u>	<u>\$ (3,126,299)</u>	<u>(4,554,125)</u>	<u>\$ (1,427,826)</u>	<u>\$ (12,040,140)</u>	<u>(10,893,468)</u>	<u>\$ 1,146,672</u>
	1,506,490			7,329,608			17,486,395	
	-			(68,428)			(412,832)	
	<u>\$ 979,986</u>			<u>\$ 2,707,055</u>			<u>\$ 6,180,095</u>	

City of San Bruno

Combined Statement of Revenues, Expenses, and Changes in Retained Earnings

All Proprietary Fund Types

For the year ended June 30, 2002

(With comparative totals for the year ended June 30, 2001)

	Proprietary Fund Types		Totals (Memorandum Only)	
	Enterprise	Internal Service	2002	2001
OPERATING REVENUES:				
Water sales	\$ 5,780,398	\$ -	\$ 5,780,398	\$ 5,205,977
Sewer charges	5,142,167	-	5,142,167	4,951,618
Cable television charges	6,208,017	-	6,208,017	6,051,069
Charges for current services	-	3,903,008	3,903,008	539,329
Other	1,145,246	-	1,145,246	989,617
Total operating revenues	18,275,828	3,903,008	22,178,836	17,737,610
OPERATING EXPENSES:				
Water supply	2,483,182	-	2,483,182	2,760,902
Distribution	888,471	-	888,471	780,380
Customer accounting	739,164	-	739,164	523,317
Transmission	6,783,761	-	6,783,761	5,925,061
Treatment	2,539,944	-	2,539,944	2,314,097
Collections	97,056	-	97,056	51,476
Central garage	-	482,050	482,050	437,462
Insurance premiums, claims and administration	-	2,022,225	2,022,225	1,144,460
Equipment replacement	-	589,678	589,678	461,007
Technology support	-	513,751	513,751	440,672
Facilities maintenance	-	821,888	821,888	-
Depreciation	591,808	11,133	602,941	629,368
Total operating expenses	14,123,386	4,440,725	18,564,111	15,468,202
OPERATING INCOME (LOSS)	4,152,442	(537,717)	3,614,725	2,269,408
NONOPERATING REVENUES (EXPENSES):				
Investment income	552,420	-	552,420	775,414
Interest expense	(181,576)	-	(181,576)	(39,095)
Total nonoperating revenues (expenses)	370,844	-	370,844	736,319
INCOME (LOSS) BEFORE OPERATING TRANSFERS	4,523,286	(537,717)	3,985,569	3,005,727
OPERATING TRANSFERS:				
Operating transfers in	-	-	-	2,419,570
Operating transfers out	(1,179,628)	-	(1,179,628)	(2,284,500)
Total operating transfers	(1,179,628)	-	(1,179,628)	135,070
Net income (loss)	3,343,658	(537,717)	2,805,941	3,140,797
RETAINED EARNINGS:				
Beginning of year	29,313,010	5,172,572	34,485,582	31,344,785
Residual equity transfer	-	412,832	412,832	-
End of year	\$ 32,656,668	\$ 5,047,687	\$ 37,704,355	\$ 34,485,582

City of San Bruno
Combined Statement of Cash Flows
All Proprietary Fund Types
For the year ended June 30, 2002
(With comparative totals for the year ended June 30, 2001)

	Proprietary Fund Types		Totals (Memorandum Only)	
	Enterprise	Internal Service	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES:				
Operating income (loss)	\$ 4,152,442	\$ (537,717)	\$ 3,614,725	\$ 2,269,408
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	591,808	11,133	602,941	629,368
Effect of changes in assets and liabilities:				
Receivables	(64,480)	-	(64,480)	55,122
Due from other funds	-	(669,446)	(669,446)	(71,760)
Due from other agencies	-	-	-	16,496
Advances to other funds	-	(3,362,004)	(3,362,004)	(1,532,014)
Accounts payable	(602,698)	(61,557)	(664,255)	674,879
Claims payable	-	257,782	257,782	-
Due to other funds	(113,500)	732,995	619,495	(1,402,462)
Advances from other funds	(56,896)	-	(56,896)	783,114
Compensated absences	791	31,295	32,086	38,617
Refundable deposits	(60,659)	-	(60,659)	(59,304)
Net cash provided (used) by operating activities	3,846,808	(3,597,519)	249,289	1,401,464
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and construction of fixed assets	(5,743,851)	(712,992)	(6,456,843)	(1,417,515)
Contributions to contributed capital	22,339	2,894,886	2,917,225	-
Deferred charges	(427,533)	-	(427,533)	-
Payments of debt principal	(83,096)	-	(83,096)	(38,361)
Issuance of debt	9,842,648	-	9,842,648	-
Interest paid	(181,576)	-	(181,576)	(39,095)
Residual equity transfer	-	412,832	412,832	-
Net cash provided (used) by capital and related financing activities	3,428,931	2,594,726	6,023,657	(1,494,971)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Operating transfers in	-	-	-	2,419,570
Operating transfers out	(1,179,628)	-	(1,179,628)	(2,284,500)
Residual equity transfer	-	-	-	1,888,615
Net cash provided (used) by noncapital financing activities	(1,179,628)	-	(1,179,628)	2,023,685
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received on investments	552,420	-	552,420	775,414
Net cash provided (used) by investing activities	552,420	-	552,420	775,414
Net increase (decrease) in cash and investments	6,648,531	(1,002,793)	5,645,738	2,705,592
CASH AND INVESTMENTS:				
Beginning of year	14,371,038	4,578,162	18,949,200	16,243,608
End of year	<u>\$ 21,019,569</u>	<u>\$ 3,575,369</u>	<u>\$ 24,594,938</u>	<u>\$ 18,949,200</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS:				
Pooled cash and investments	11,647,102	3,519,169	15,166,271	18,893,000
Restricted pooled cash and investments	9,372,467	56,200	9,428,667	56,200
Total reconciliation of cash and cash equivalents	<u>\$ 21,019,569</u>	<u>\$ 3,575,369</u>	<u>\$ 24,594,938</u>	<u>\$ 18,949,200</u>

See accompanying Notes to General Purpose Financial Statements.

City of San Bruno
Combining Statement of Cash Flows
All Enterprise Funds
For the year ended June 30, 2002
(With comparative totals for the year ended June 30, 2001)

	Water	Stormwater	Wastewater	Cable Television
CASH FLOWS FROM OPERATING ACTIVITIES:				
Operating income (loss)	\$ 1,659,018	\$ 556,314	\$ 1,585,829	\$ 351,281
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	366,347	-	74,550	150,911
Effect of changes in assets and liabilities:				
Receivables	(78,427)	2,542	33,934	(22,529)
Due from other agencies	-	-	-	-
Accounts payable	(437,689)	(18,436)	(31,001)	(115,572)
Due to other funds	(57,222)	(457)	(55,821)	-
Advances from other funds	-	(56,896)	-	-
Compensated absences	5,154	-	4,197	(8,560)
Refundable deposits	(60,659)	-	-	-
Net cash provided (used) by operating activities	1,396,522	483,067	1,611,688	355,531
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and construction of fixed assets	(802,520)	-	(4,780,216)	(161,115)
Contributions to contributed capital	5,620	-	16,719	-
Deferred charges	-	-	(427,533)	-
Payments of debt principal	-	-	(83,096)	-
Issuance of debt	-	-	9,842,648	-
Interest paid	-	(25,898)	(155,678)	-
Net cash provided (used) by capital and related financing activities	(796,900)	(25,898)	4,412,844	(161,115)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Operating transfers in	-	-	-	-
Operating transfers out	(465,251)	(219,117)	(350,660)	(144,600)
Residual equity transfer	-	-	-	-
Net cash provided (used) by noncapital financing activities	(465,251)	(219,117)	(350,660)	(144,600)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received on investments	224,821	33,454	277,906	16,239
Net cash provided (used) by investing activities	224,821	33,454	277,906	16,239
Net increase (decrease) in cash and investments	359,192	271,506	5,951,778	66,055
CASH AND INVESTMENTS:				
Beginning of year	4,914,717	628,388	8,589,744	238,189
End of year	\$ 5,273,909	\$ 899,894	\$ 14,541,522	\$ 304,244

See accompanying Notes to General Purpose Financial Statements.

Totals	
2002	2001
\$ 4,152,442	\$ 4,216,007
591,808	627,041
(64,480)	(21,755)
-	16,496
(602,698)	631,697
(113,500)	(1,508,473)
(56,896)	783,114
791	30,641
(60,659)	(59,304)
<u>3,846,808</u>	<u>4,715,464</u>
(5,743,851)	(1,382,011)
22,339	-
(427,533)	-
(83,096)	(38,361)
9,842,648	-
<u>(181,576)</u>	<u>(39,095)</u>
<u>3,428,931</u>	<u>(1,459,467)</u>
-	10,000
(1,179,628)	(2,275,600)
<u>-</u>	<u>1,888,615</u>
<u>(1,179,628)</u>	<u>(376,985)</u>
<u>552,420</u>	<u>775,414</u>
<u>552,420</u>	<u>775,414</u>
6,648,531	3,654,426
<u>14,371,038</u>	<u>10,716,612</u>
<u>\$ 21,019,569</u>	<u>\$ 14,371,038</u>

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City of San Bruno
Notes to General Purpose Financial Statements
For the year ended June 30, 2002

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of San Bruno (City) was incorporated under the General Laws of the State of California and enjoys all the rights and privileges pertaining to such "General Law" cities. The City is governed by an elected five-member City Council. The City operates under a Council-Manager form of government and provides public safety including police protection and fire protection, streets and street lighting, parks, recreation, public improvements, planning and zoning, and general government services. Activities operated similar to a business include the municipal water, sewer/wastewater utilities and cable television enterprises.

Generally accepted accounting principles require that these general purpose financial statements present the financial activities of the City (the primary government) and its component units. Component units are legally separate entities for which the City is considered financially accountable.

B. Measurement Focus, Basis of Accounting and Basis of Presentation

Description of Funds - The accounts of the City are organized and operated on the basis of funds and account groups, each of which is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. These funds and account groups are established for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

Several different types of funds and account groups are used to record the City's financial transactions. For financial reporting purposes, the City's funds and account groups have been grouped and are presented in the accompanying general purpose financial statements as follows:

Governmental Fund Types

General Fund - The purpose of this fund is to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - The purpose of these funds is to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Debt Service Funds - The purpose of these funds is to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital Projects Funds - The purpose of these funds is to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by the proprietary fund types).

City of San Bruno
Notes to General Purpose Financial Statements, Continued
For the year ended June 30, 2002

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Proprietary Fund Types

Enterprise Funds - The purpose of these funds is to account for those operations that are financed and operated in a manner similar to private business or where the governing body has decided that the determination of revenues earned, costs incurred and net income is necessary for management accountability.

Internal Service Funds - The purpose of these funds is to account for the financing of services provided by one department to other departments of the City on a cost-reimbursement basis.

Fiduciary Fund Type

Agency Funds - The purpose of this fund is to account for assets, which are held by the City as an agency for individuals, private organizations and other governmental units or other funds. This fund is custodial in nature and does not involve the measurement of results of operations.

Account Groups

General Fixed Assets Account Group - The purpose of this account group is to maintain control and cost information on capital assets owned by the City (other than those accounted for in proprietary fund types).

General Long-Term Debt Account Group - The purpose of this account group is to account for the unmatured long-term obligations of the City (other than those accounted for in proprietary fund types).

Basis of Accounting - The accounting and reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for on a "current financial resources" measurement focus. Accordingly, only current assets and current liabilities generally are included on the balance sheets. Operating statements of governmental funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

All governmental funds are accounted for using the modified accrual basis of accounting under which revenues are recognized when measurable and available as net current assets. Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

Revenues considered susceptible to accrual include property taxes (generally within 60 days), charges for services, federal and state grants, sales taxes and interest. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for principal and interest on general long-term debt which is recognized when due.

City of San Bruno

Notes to General Purpose Financial Statements, Continued

For the year ended June 30, 2002

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Property taxes attach as an enforceable lien on property. Secured and unsecured property taxes are levied on January 1. Secured property taxes are payable in two installments, on November 1 and February 1 of each year, and become delinquent on December 10 and April 10, respectively. Unsecured property tax lien date is January 1 and becomes delinquent on August 31. The County of San Mateo, California (County) bills and collects the property taxes and remits them to the City according to a payment schedule established by the County. City property tax revenues are recognized when received in cash except at year end when they are accrued pursuant to the modified accrual basis of accounting. The County is permitted by State law to levy property taxes at 1% of full market value (at time of purchase) and can increase property assessed value no more than 2% per year.

All proprietary fund types are accounted for on an “*economic resources*” measurement focus, meaning that all assets and liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Reported fund equity (net total assets) is segregated into contributed capital and retained earnings components. Operating statements of the proprietary fund types present increases (revenues) and decreases (expenses) in net total assets. Proprietary fund types are maintained on the accrual basis of accounting wherein revenues are recognized when earned and expenses are recognized when incurred.

C. Assets, Liabilities and Equity

Cash and Investments - The City pools cash resources from all funds in order to facilitate the management of cash and achieve the goal of obtaining the highest yield with the greatest safety and least risk. The balance in the pooled cash account is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing accounts and other investments for varying terms.

Cash and Cash Equivalents - The City’s cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturity of three months or less from the date of acquisition. Cash and cash equivalents are combined with investments and displayed as Equity in City Treasury Cash in All Funds or Cash and Investments.

Investments Valuation - Highly liquid money market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments, are stated at fair value in accordance with GASB Statement No. 31. Market value is used as fair value for those securities for which market quotations are readily available.

The City participates in an investment pool managed by the State of California titled Local Agency Investment Fund (LAIF) which has invested a portion of the pool funds in Structured Notes and Asset-Backed Securities. LAIF’s investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-Backed Securities are subject to market risk as to change in interest rates.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

The City also participates in an investment pool managed by the County of San Mateo titled San Mateo County Pooled Investment Fund (Pool) which has invested a portion of the pool funds in Structured Notes and Asset Backed Securities. The Pool’s investments are subject to credit risk with collateral being provided based on the specific type of investment as described in the Investment Policy in effect for the Pool. In addition, these Structured Notes and Asset Backed Securities are subject to market risk as to change in interest rates.

Inventory - Inventory, consisting of gasoline and office supplies, is stated at cost using the first-in/first-out (FIFO) basis and is controlled by a perpetual inventory system which is adjusted to reflect periodic physical counts. Inventories are recorded as expenditures when consumed.

Interfund Receivables and Payables - Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “Due from/to other funds” (i.e., the current portion of interfund loans) or “Advances to/from other funds” (i.e., the noncurrent portion of interfund loans).

Fixed Assets - General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the General Fixed Assets Account Group. Fixed assets acquired or constructed for proprietary fund types are capitalized in their respective individual funds. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Public domain (“infrastructure”) general fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are not capitalized, as these assets are immovable and of value only to the City.

Proprietary fund type fixed assets are recorded at cost and depreciated over their estimated useful lives. The purpose of depreciation is to spread the cost of proprietary fund fixed assets equitably among all customers over the life of these assets, so that each customer’s bill includes a pro rata share of the cost of these assets. The amount charged to depreciation expense each year represents that year’s pro rata share of the cost of proprietary fund fixed assets. Depreciation of property and equipment is provided using the straight-line method over the following estimated useful lives:

Building	30-50 years
Tanks and pipelines	20-40 years
Equipment, machinery and vehicles	4-20 years

City of San Bruno

Notes to General Purpose Financial Statements, Continued

For the year ended June 30, 2002

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Depreciation of all exhaustible property and equipment used by proprietary funds is charged as an expense against their respective operations. No interest costs were capitalized during the fiscal year. The City has elected not to depreciate the assets in the General Fixed Assets Account Group.

Long-Term Liabilities - Liabilities for long-term debt are recognized as a liability of a governmental fund when due. For other long-term obligations, only the portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of the obligation is reported in the General Long-Term Debt Account Group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

Compensated Absences - City employees have vested interest in varying levels of vacation, sick leave and compensatory time based on their length of employment. It is the policy of the City to pay all accumulated vacation pay, up to a maximum of 30 working days, and a portion of sick pay, if eligible, when an employee retires or terminates. The liabilities for compensated absences are recorded in the General Long-Term Debt Account Group. The liabilities for compensated absences for proprietary funds are recorded in those funds when incurred.

Fund Equity - Reservations of fund balances of governmental funds are created to either satisfy legal covenants, including state laws, that require a portion of the fund balance be segregated or identify the portion of the fund balance not available for future expenditures.

Designation of fund balances of governmental funds are designations made by the City for specifically determined purposes. These funds are not restricted to satisfy legal covenants or State laws, and are available for spending at the City's discretion.

"Totals (Memorandum Only)" Columns - Columns of the accompanying general purpose financial statements captioned "Totals (Memorandum Only)" do not present consolidated financial information and are presented only to facilitate financial analysis. The data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Interfund eliminations have not been made in the aggregation of this data.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires City management to make estimates and assumptions that affect certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

Reclassifications - Certain reclassifications have been made to the prior year totals in order to conform with the current year presentation.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Policies - It is the City's policy to adopt biennial budgets. Operating and special revenue budgets are adopted in one year and enterprise budgets adopted in the subsequent year. The City Council may amend the budget by motion during the fiscal year. The City Manager is authorized to transfer budgeted amounts within an activity, within any fund. However, any revisions that alter total expenditures of any fund must be approved by the City Council.

Expenditures may not legally exceed appropriations at the fund level. Appropriations lapse at the end of the fiscal year, except for capital projects. Supplemental appropriations, which increase appropriations, may be made during the fiscal year.

Budget information is presented for governmental fund types on a basis consistent with generally accepted accounting principles. Budgeted revenue and expenditure amounts represent the original budget modified for adjustments during the year.

Interfund Transactions - Resources may be transferred from one City fund to another. The purpose of the majority of transfers, called operating transfers, is to reimburse a fund, which has made an expenditure on behalf of another fund. Less often, a residual equity transfer may be made to open or close a fund.

Encumbrances - Under encumbrance accounting, purchase orders, contracts and other commitments for expenditures are recorded to reserve that portion of the applicable appropriation. Unexpended appropriations lapse at year end.

3. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Cash and Investments Policy

The City pools its cash and investments of all funds for investing, except for certain restricted funds, which are held and invested by independent outside custodians through contractual agreements. These restricted funds include cash held by fiscal agents.

City of San Bruno

Notes to General Purpose Financial Statements, Continued

For the year ended June 30, 2002

3. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS, Continued

The City's investments are limited to those allowable under State statutes as incorporated into the City's Investment Policy that is even more conservative than that allowed by State statute. The City's Investment Policy and the California Government Code allow the City to invest in the following, provided the credit ratings of the issuers are acceptable to the City:

- Local Agency Investment Fund (State of California)
- U.S. Treasury Obligations
- U.S. Government Agency Securities
- Medium Term Notes
- Bankers Acceptances
- Repurchase Agreements
- Commercial Paper of United States corporations
- Passbook Savings
- Mutual Funds (invested solely in authorized investments)
- San Mateo County Investment Pool
- Certificates of Deposit

The City has not entered into reverse repurchase agreements during fiscal year 2001-2002

Local Agency Investment Fund

The City invests in the Local Agency Investment Fund (LAIF), a State of California external investment pool. LAIF determines fair value on its investment portfolio based on market quotations for those securities where market quotations are readily available and based on amortized cost or best estimate for those securities where market value is not readily available.

The City's investments with LAIF at June 30, 2002, include a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments may include the following:

- Structured Notes are debt securities (other than asset-backed securities) whose cash-flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.
- Asset-backed Securities, the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as CMOs) or credit card receivables.

As of June 30, 2002, the City had \$2,117,933 invested in LAIF, which had invested 3.086% of the pool investments funds in Structured Notes and Asset-Backed Securities.

City of San Bruno
Notes to General Purpose Financial Statements, Continued
For the year ended June 30, 2002

3. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS, Continued

San Mateo County Pooled Investment Fund

The City invests in the San Mateo County Pooled Investment Fund (Pool) an external investment pool. The Pool determines fair value on its investment portfolio based on market quotations for those securities where market quotations are readily available and based on amortized cost or best estimate for those securities where market value is not readily available.

The City's investments with the Pool at June 30, 2002, include a portion of the pool funds invested in Asset-Backed Securities. These investments may include the following:

- Asset-backed Securities, the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as CMOs) or credit card receivables.

As of June 30, 2002, the City had \$14,807,279 invested in the Pool.

Cash Deposits

At June 30, 2002, the carrying amount of the City's cash deposits was \$(120,671). Bank balances before reconciling items total \$769,433 of which \$100,000 was insured and \$669,433 was collateralized.

California law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the deposit or first trust deed mortgage notes with a value of 150% of the deposit as collateral for all municipal deposits. This collateral is considered to be held in the City's name and places the City ahead of general creditors of the institution. The City has waived collateral requirements for the portion of deposits covered by federal deposit insurance.

The City's dependence on property tax receipts, which are received semi-annually, requires the City to maintain significant cash reserves to finance operations during the remainder of the year.

Cash and Investments

Cash and investments are categorized into these three categories of risk:

Category 1 - Insured or registered, with securities held by the City or its agent in the City's name.

Category 2 - Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City's name. The City has no investments in risk category 2.

City of San Bruno

Notes to General Purpose Financial Statements, Continued

For the year ended June 30, 2002

3. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS, Continued

Category 3 - Uninsured and unregistered securities held by the counterparty, or by its trust department or agent but not in the City's name.

Uncategorized - Certain cash deposits and investments are not subject to categorization under GASB Statement No. 3 and are identified as "uncategorized."

At June 30, 2002, the City's cash and investments, including restricted funds, classified by risk category consisted of the following:

	<u>Category 1</u>	<u>Category 3</u>	<u>Uncategorized</u>	<u>Fair Value</u>
Cash Deposits:				
Cash deposits	<u>\$ (120,671)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (120,671)</u>
Investments:				
Local Agency Investment Fund	-	-	2,117,933	2,117,933
San Mateo County Pool	-	-	14,807,279	14,807,279
Securities of U.S. Government Agencies	-	-	5,014,060	5,014,060
Total investments	<u>-</u>	<u>-</u>	<u>21,939,272</u>	<u>21,939,272</u>
Total pooled cash and investments	<u>(120,671)</u>	<u>-</u>	<u>21,939,272</u>	<u>21,818,601</u>
Restricted pooled cash and investments	<u>-</u>	<u>13,346,975</u>	<u>-</u>	<u>13,346,975</u>
Total cash and investments	<u>\$ (120,671)</u>	<u>\$ 13,346,975</u>	<u>\$ 21,939,272</u>	<u>\$ 35,165,576</u>

City of San Bruno
Notes to General Purpose Financial Statements, Continued
For the year ended June 30, 2002

3. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS, Continued

B. Interfund Activity

Interfund activity for the year ended June 30, 2002, was as follows:

Operating Transfers

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 2,598,784	\$ -
Gas Tax	-	691,002
Measure A Sales Tax	-	21,780
State Highway	-	19,465
Safety Augmentation	-	90,000
State Law Enforcement	-	100,000
SB 322 Recycling/Liter Clean Up	-	372
Low/Moderate Income	-	48,500
Redevelopment Agency	-	573,200
General Capital Fund	-	10,494
Redevelopment Agency	200,000	64,343
Water	-	465,251
Stormwater	-	219,117
Wastewater	-	350,660
Cable Television	-	144,600
Totals	<u><u>\$ 2,798,784</u></u>	<u><u>\$ 2,798,784</u></u>

Advances To/From Other Funds:

	<u>Advances To</u>	<u>Advances From</u>
General Fund	\$ 318,700	\$ -
Special Revenue Fund:		
Redevelopment Agency	-	1,067,600
Capital Projects Fund:		
Redevelopment Agency	-	835,000
Enterprise Fund:		
Wastewater	-	1,000,000
Internal Service Fund:		
General Equipment Reserve	2,583,900	-
Totals	<u><u>\$ 2,902,600</u></u>	<u><u>\$ 2,902,600</u></u>

City of San Bruno

Notes to General Purpose Financial Statements, Continued

For the year ended June 30, 2002

3. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS, Continued

Due From/To Other Funds

	Due From	Due To
General Fund	\$ 4,199,975	\$ -
Special Revenue Funds:		
Federal Aviation Administration Grant	-	1,404,601
Highway Emergency Relief	-	288,578
Hunt Avenue Underground	-	437,610
State Highway	-	1,513,587
Capital Projects Funds:		
San Bruno/ Bart Police Station	-	399,835
Internal Service Funds:		
Central Garage	225,450	97,800
General Equipment Reserve	-	950,139
Technology Development	397,961	-
Facilities Maintenance	326,728	-
Agency Funds:		
Development Project	-	57,964
Totals	\$ 5,150,114	\$ 5,150,114

C. Fixed Assets

Activity in the General Fixed Assets Account Group for the year ended June 30, 2002, was as follows:

	Balance July 1, 2001	Additions	Retirements	Balance June 30, 2002
Land	\$ 547,797	\$ -	\$ -	\$ 547,797
Buildings and improvements	10,514,434	-	(3,436,960)	7,077,474
Equipment	7,865,814	-	2	7,865,816
Totals	\$ 18,928,045	\$ -	\$ (3,436,958)	\$ 15,491,087

City of San Bruno
Notes to General Purpose Financial Statements, Continued
For the year ended June 30, 2002

3. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS, Continued

Fixed assets in the enterprise funds for the year ended June 30, 2002, were as follows:

	Water	Wastewater	Cable Television	Totals
Land	\$ 76,842	\$ -	\$ 500,000	\$ 576,842
Building and improvements	13,846,526	6,793,052	2,029,260	22,668,838
Equipment	663,916	-	2,699,119	3,363,035
Construction progress	642,869	-	7,399,762	8,042,631
	<u>15,230,153</u>	<u>6,793,052</u>	<u>12,628,141</u>	<u>34,651,346</u>
Accumulated depreciation	<u>(6,338,757)</u>	<u>(549,518)</u>	<u>(3,302,365)</u>	<u>(10,190,640)</u>
Totals	<u>\$ 8,891,396</u>	<u>\$ 6,243,534</u>	<u>\$ 9,325,776</u>	<u>\$ 24,460,706</u>

Depreciation expense for the enterprise funds for the year ended June 30, 2002, was \$591,808.

Fixes assets in the internal funds for the year ended June 30, 2002, were as follows:

	Central Garage	Technology Development	Facilities Maintenance	Totals
Equipment	\$ 139,487	\$ 978,917	\$ 152,362	\$ 1,270,766
Accumulated depreciation	<u>(104,844)</u>	<u>(324,763)</u>	<u>(95,735)</u>	<u>(525,342)</u>
Totals	<u>\$ 34,643</u>	<u>\$ 654,154</u>	<u>\$ 56,627</u>	<u>\$ 745,424</u>

Depreciation expense for the internal service funds for the year ended June 30, 2002, was \$11,133.

D. Long-term Debt

Governmental Type

Long-term debt in the General Long-Term Debt Account Group for the year ended June 30, 2002 was as follows:

	Balance July 1, 2001	Additions	Retirements	Balance June 30, 2002
Capital Lease Obligation	\$ -	\$ 1,360,674	\$ -	\$ 1,360,674
Bonds Payable:				
2000 Certificates of Participation	9,600,000	-	-	9,600,000
Compensated absences	<u>1,736,158</u>	<u>-</u>	<u>(299,321)</u>	<u>1,436,837</u>
Total general long-term debt obligations	<u>\$ 11,336,158</u>	<u>\$ -</u>	<u>\$ (299,321)</u>	<u>\$ 11,036,837</u>

City of San Bruno

Notes to General Purpose Financial Statements, Continued

For the year ended June 30, 2002

3. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS, Continued

2000 Certificates of Participation - During December 2000 the City issued \$9,600,000 in Certificates of Participation, Series 2000 for the construction of a police facility. Principal and interest payments are due annually on February 1. The interest rate ranges from 5.25% to 7.00%.

The San Bruno Redevelopment Agency (Agency) has agreed under a separate agreement to reimburse the City for all costs associated with the construction of the police facility.

The annual debt service requirements were as follows as of June 30, 2002:

Fiscal Year-end	Principal	Interest	Totals
2003	\$ 145,000	\$ 501,813	\$ 646,813
2004	155,000	491,663	646,663
2005	165,000	480,813	645,813
2006	180,000	469,263	649,263
2007	190,000	458,463	648,463
2008 - 2012	1,085,000	2,149,201	3,234,201
2013 - 2017	1,370,000	1,863,818	3,233,818
2018 - 2022	1,760,000	1,480,145	3,240,145
2023 - 2027	2,265,000	968,363	3,233,363
2028 - 2031	2,285,000	307,388	2,592,388
Totals	\$ 9,600,000	\$ 9,170,930	\$ 18,770,930

Capital Lease Obligation - During December 2001, the City entered into a \$1,360,674 capital lease with GE Capital Public Finance, Inc. for lighting improvements. Principal and interest payments are due June 1 and December 1 annually. The interest rate is 4.69%.

The annual debt service requirements were as follows as of June 30, 2002:

Fiscal Year-end	Principal	Interest	Totals
2003	\$ 109,474	\$ 62,547	\$ 172,021
2004	114,669	57,353	172,022
2005	120,110	51,912	172,022
2006	125,808	46,212	172,020
2007	131,779	40,243	172,022
2008 - 2012	758,834	101,270	860,104
Totals	\$ 1,360,674	\$ 359,537	\$ 1,720,211

City of San Bruno
Notes to General Purpose Financial Statements, Continued
For the year ended June 30, 2002

3. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS, Continued

Proprietary Type

	Balance July 1, 2001	Additions	Retirements	Balance June 30, 2002
2002 Certificates of Participation	\$ -	\$ 9,800,000	\$ -	\$ 9,800,000
Capital Lease Obligation	83,096	-	(40,448)	42,648
Total general long-term debt obligations	<u>\$ 83,096</u>	<u>\$ 9,800,000</u>	<u>\$ (40,448)</u>	<u>\$ 9,842,648</u>

2002 Certificates of Participation - During May 2002 the City issued \$9,800,000 in Certificates of Participation, Series 2000 for the construction of various improvements to the City's waste water system. Principal and interest payments are due annually on January and July 1. The interest rate ranges from 2.25% to 5.00%.

The annual debt service requirements were as follows as of June 30, 2002:

Fiscal Year-end	Principal	Interest	Totals
2003	\$ 155,000	\$ 469,618	\$ 624,618
2004	185,000	443,767	628,767
2005	185,000	439,605	624,605
2006	190,000	435,165	625,165
2007	195,000	430,035	625,035
2008 - 2012	1,090,000	2,046,070	3,136,070
2013 - 2017	1,330,000	1,809,189	3,139,189
2018 - 2022	1,655,000	1,475,283	3,130,283
2023 - 2027	2,110,000	1,023,312	3,133,312
2028 - 2031	2,705,000	429,218	3,134,218
Totals	<u>\$ 9,800,000</u>	<u>\$ 9,001,262</u>	<u>\$ 18,801,262</u>

Capital Lease Obligation

On December 23, 1998, the City entered into a lease/purchase agreement with Vactor Manufacturing, Inc. for a sewer cleaner. The agreement requires the City to make annual payments for \$44,968 until November 23, 2002. Debt service is repayable from Wastewater Fund revenues.

City of San Bruno

Notes to General Purpose Financial Statements, Continued

For the year ended June 30, 2002

3. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS, Continued

Minimum lease payment requirements as of June 30, 2002 was as follows:

Fiscal Year-end	Sewer Cleaner	Totals
2003	44,968	44,968
	44,968	44,968
Less: Interest	(2,320)	(2,320)
Totals	\$ 42,648	\$ 42,648

Special Assessment Districts With No City Commitment - On June 28, 1989, the City issued \$870,000 of limited obligation improvement bonds with interest rates between 6.5% and 7.3% for Downtown Parking District No. 1. The bonds, which have been issued by the City, mature in installments, beginning September 2, 1990, and ending September 2, 2004. Although these bonds have been issued by the City, it is in no way obligated to repay the debt in the event of a default. The amount of bond outstanding as of June 30, 2002, is \$325,000.

E. Reserved and Designated Fund Balance Accounts

Description of fund reservations are as follows:

Debt service - Reserved for expenditures related to payment of City debt.

Inventories - Reserved for inventories not currently available.

Advance to Other Funds - Reserved for use in repayment of long-term interfund loans.

Detail listing of fund reservations and designations for the year ended June 30, 2002, are as follows:

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Reserved for:				
Encumbrances	\$ 97,997	\$ -	\$ -	\$ -
Inventory	5,804	-	-	-
Advances to other funds	318,700	-	-	-
Debt service	-	-	979,986	-
Capital projects	-	-	-	2,707,055
Total reserved	422,501	-	979,986	2,707,055
Unreserved, Undesignated	4,919,353	(1,619,032)	-	-
Total fund equity (deficit)	\$ 5,341,854	\$ (1,619,032)	\$ 979,986	\$ 2,707,055

4. OTHER INFORMATION

A. Risk Management

ABAG PLAN Corporation - The City is exposed to various risks of loss related to torts; theft or damage to and destruction of assets; errors and omissions; and natural disasters for which the City is insured through the Association of Bay Area Governments (ABAG).

ABAG covers general liability claims in an amount up to \$7,000,000. The City has a deductible or uninsured liability of up to \$100,000 per claim. Once the City's deductible is met, ABAG becomes responsible for payment of all claims up to the limit. During the year ended June 30, 2002, the City contributed \$533,801 for current year coverage and received a refund of \$23,974 of prior year excess contributions.

ABAG is governed by a board consisting of representatives from member municipalities. The board controls the operations of ABAG, including selection of management and approval of operating budgets, independent of any influence by member municipalities beyond their representation on the Board.

The City's contributions to ABAG equal the ratio of the City's payroll to the total payrolls of all entities participating in the same layer of each program, in each program year. Actual surpluses or losses are shared according to a formula developed from overall loss costs and spread to member entities on a percentage basis after a retrospective rating.

The most current audited condensed financial information for ABAG, as audited by other auditors, for the year ended June 30, 2002, is presented below:

Balance Sheet

	<u>2002</u>
Total assets	\$ 38,375,940
Total liabilities	<u>16,014,502</u>
Retained earnings	<u>\$ 22,361,438</u>

Statement of Revenues and Expenses

	<u>2002</u>
Total income	\$ 8,294,625
Total expenses	<u>3,856,567</u>
Net income	<u>\$ 4,438,058</u>

City of San Bruno
Notes to General Purpose Financial Statements, Continued
For the year ended June 30, 2002

4. OTHER INFORMATION, Continued

The complete ABAG financial statements may be obtained from ABAG, P.O. Box 2024, Oakland, California, 94604.

The City has a commercial insurance policy for Worker's Compensation claims up to the statutory limits. The City has a \$250,000 deductible or uninsured liability for all employees.

Liability For Uninsured Claims - The Governmental Accounting Standards Board (GASB) requires municipalities to record their liability for uninsured claims and to reflect the current portion of this liability as an expenditure in their financial statements. As discussed in the section above, the City has coverage for such claims, but it has retained the risk for the deductible, or uninsured portion, of these claims. GASB Statement No. 10, *"Financial Reporting for Risk Financing and Related Insurance Issues,"* requires that this amount be separately identified and recorded as a liability.

Changes in the balances of claims liabilities during the past two years were as follows:

	2002	2001
Beginning balance	\$ 1,042,609	\$ 1,042,609
Incurred claims	2,022,225	1,144,460
Less claims paid	(1,764,443)	(1,144,460)
Claims payable at June 30	<u>\$ 1,300,391</u>	<u>\$ 1,042,609</u>

Claims incurred but not reported are included in claims liabilities above.

B. Segment Information - Enterprise Funds

The City maintains four enterprise funds. The Water Fund, Storm Water Fund, Wastewater Fund, and Cable Television Fund provide water, stormwater, sewer services, and cable television to the citizens and are intended to be self-supporting through user fees charged for services rendered.

City of San Bruno
Notes to General Purpose Financial Statements, Continued
For the year ended June 30, 2002

4. OTHER INFORMATION, Continued

Selected segment information for the four enterprise operations for the year ended June 30, 2002, are as follows:

	Water	Storm Water	Wastewater	Cable Television	Totals
Operating revenues	\$ 6,136,182	\$ 653,370	\$ 5,267,665	\$ 6,218,611	\$ 18,275,828
Depreciation	366,347	-	74,550	150,911	591,808
Operating income	1,659,018	556,314	1,585,829	351,281	4,152,442
Investment income	224,821	33,454	277,906	16,239	552,420
Net income (loss)	1,418,588	344,753	1,357,397	222,920	3,343,658
Total assets	15,311,330	907,315	21,954,442	9,718,484	47,891,571
Total liabilities	443,356	23,569	11,075,223	421,898	11,964,046
Total equity (deficit)	14,867,974	883,746	10,879,219	9,296,586	35,927,525

C. Post-employment Health Care Benefits

The City provided health care benefits for eight retired employees in accordance with agreements with employee bargaining units. San Bruno Management Employees Association members employed prior to February 1, 1990, may become eligible upon retirement for those benefits if they reach the normal retirement age while working for the City. During the 2001-2002 fiscal year, the City paid \$29,632 in post-employment health care benefits.

D. Expenditures in Excess of Appropriations

The following funds had expenditures in excess of appropriations:

General Fund	\$ 972,244
Special Revenue Funds:	
Agency on Aging	4,596
Federal Aviation Administration Grant	24,663
State Reimbursement ILL Program	5,852
State Library	17,066
Supplemental Law Enforcement	62,356
SB 322 Recycling/Liter Clean-Up	10,006
California Law Enforcement Equipment Program	34,376
Total special revenue funds	158,915
Debt Service Fund:	
San Bruno/Bart Police Station	568,720
Total debt service funds	568,720
Capital Project Fund:	
San Bruno/Bart Police Station	5,962,565
Total capital projects funds	5,962,565
Totals	\$ 7,662,444

City of San Bruno

Notes to General Purpose Financial Statements, Continued

For the year ended June 30, 2002

4. OTHER INFORMATION, Continued

E. Pension Plan

Plan Description - The City of San Bruno contributes to the California Public Employee Retirement System (PERS) an agent multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and city ordinance. Copies of PERS' annual financial report may be obtained from their executive office: 400 P Street, Sacramento, CA 95814.

Funding Policy - PERS requires City employees to contribute 7% for miscellaneous employees and 9% for safety employees of their annual covered salary. The City forwards the contributions made by City employees on their behalf and for their account, which amounted to \$1,261,294. The City is required to contribute at an actuarially determined rate; the current rate is 0.000% for non-safety employees and .000% for safety employees, of annual covered payroll.

Annual Pension Cost - For 2001-2002, the City's annual pension cost of \$1,223,153 for PERS was equal to the City's required and actual contribution. The required contribution was determined as part of the June 30, 1998 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 8.25% investment rate of return (net of administrative expenses); (b) projected annual salary increases that vary by duration of service, and (c) 2% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3.5%. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a two to five year period depending on the size of investment gains and/or losses. PERS unfunded actuarial accrued liability (or surplus) is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 1998, was through the year 2019 for prior and current service unfunded liability.

Fiscal Year	Pension Cost (APC)	APC Contributed	Net Pension Obligation
1999-2000	\$ 1,256,439	100%	\$ -
2000-2001	1,127,047	100%	-
2001-2002	1,223,153	100%	-

4. OTHER INFORMATION, Continued

F. Joint Powers Agreements

The City participates in joint ventures through Joint Powers Authorities (JPAs) established under the Joint Exercise of Powers Act of the State of California. As separate legal entities, these JPAs exercise full powers and authorities within the scope of the related Joint Powers Agreement, including the preparation of annual budgets, accountability for all funds, the power to make and execute contracts and the right to sue and be sued. Obligations and liabilities of the JPAs are not those of the City.

Each JPA is governed by a board consisting of representatives from each member agency. Each board controls the operations of its respective JPA, including selection of management and approval of operating budgets, independent of any influence of member agencies beyond their representation on the Board.

G. Contingencies

Litigation - The City is subject to litigation arising in the normal course of business. In the opinion of the City Attorney, there is no pending litigation, which is likely to have a material adverse effect on the financial position of the City.

REQUIRED SUPPLEMENTARY INFORMATION

City of San Bruno
Required Supplementary Information
For the year ended June 30, 2002

PUBLIC EMPLOYEES RETIREMENT SYSTEM
SCHEDULE OF FUNDING PROGRESS

Miscellaneous

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Excess Assets	Funded Status	Annual Covered Payroll	Excess Assets as a % of Payroll
6/30/1999	\$ 28,533,962	\$ 38,051,886	\$ 9,517,924	133.4%	\$ 7,338,870	129.7%
6/30/2000	32,306,291	43,559,995	11,253,704	134.8%	8,064,633	139.5%
6/30/2001	39,819,992	44,572,227	4,752,235	111.9%	8,924,756	53.2%

Safety

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Excess Assets	Funded Status	Annual Covered Payroll	Excess Assets as a % of Payroll
6/30/1999	\$ 41,627,851	\$ 52,012,170	\$ 10,384,319	124.9%	\$ 5,577,098	186.2%
6/30/2000	49,432,357	56,662,690	7,230,333	114.6%	5,636,357	128.3%
6/30/2001	54,154,676	58,037,525	3,882,849	107.2%	6,381,088	60.8%

**COMBINING, INDIVIDUAL FUNDS AND ACCOUNT GROUPS
FINANCIAL STATEMENTS AND SCHEDULES**

City of San Bruno
Balance Sheet
General Fund
June 30, 2002

ASSETS

Pooled cash and investments	\$ 1,667,781
Receivables:	
Taxes	370,417
Interest	119,609
Other	105,141
Due from other funds	4,199,975
Inventory	5,804
Advances to other funds	318,700
Total assets	\$ 6,787,427

**LIABILITIES AND
FUND BALANCES**

Liabilities:

Accounts payable	\$ 182,426
Accrued salaries and employee benefits	1,221,597
Refundable deposits	41,550
Total liabilities	1,445,573

Fund Balances:

Reserved	422,501
Unreserved, undesignated	4,919,353
Total fund balances	5,341,854
Total liabilities and Fund balances	\$ 6,787,427

City of San Bruno

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

General Fund

For the year ended June 30, 2002

	Revised Budget	Actual	Variance
REVENUES:			
Taxes	\$ 12,867,500	\$ 12,826,520	\$ (40,980)
Licenses and permits	2,650,450	2,844,864	194,414
Intergovernmental	2,394,000	2,472,043	78,043
Charges for current services	1,189,400	1,827,108	637,708
Fines and forfeitures	507,000	477,585	(29,415)
Use of money and property	1,155,300	1,238,541	83,241
Miscellaneous	65,500	441,995	376,495
Total revenues	20,829,150	22,128,656	1,299,506
EXPENDITURES:			
Current:			
General government	4,921,639	4,678,417	243,222
Public safety	12,981,433	13,708,650	(727,217)
Public works	1,197,119	1,135,506	61,613
Highways and streets	1,354,353	1,389,366	(35,013)
Parks and recreation	3,139,209	3,642,476	(503,267)
Library	1,577,691	1,589,273	(11,582)
Total expenditures	25,171,444	26,143,688	(972,244)
REVENUES OVER (UNDER) EXPENDITURES	(4,342,294)	(4,015,032)	327,262
OTHER FINANCING SOURCES (USES):			
Operating transfers in	2,601,265	2,598,784	(2,481)
Operating transfers out	(775,000)	-	775,000
Total other financing sources (uses)	1,826,265	2,598,784	772,519
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	\$ (2,516,029)	(1,416,248)	\$ 1,099,781
FUND BALANCES:			
Beginning of year		7,102,506	
Residual equity transfer		(344,404)	
End of year		\$ 5,341,854	

City of San Bruno
Combining Balance Sheet
All Special Revenue Funds
June 30, 2002

(With comparative totals for June 30, 2001)

	Park In-Lieu	Agency on Aging	Gas Tax	Federal Aviation Administration Grant	State Reimbursement ILL Program
ASSETS					
Pooled cash and investments	\$ 27,397	\$ 4,315	\$ 865,840	\$ -	\$ 261,353
Receivables:					
Taxes	-	-	-	-	-
Interest	-	-	7,601	-	-
Due from other agencies	-	6,411	-	83,658	-
Total assets	<u>\$ 27,397</u>	<u>\$ 10,726</u>	<u>\$ 873,441</u>	<u>\$ 83,658</u>	<u>\$ 261,353</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 6,968	\$ -	\$ 227,923	\$ -
Due to other funds	-	-	-	1,404,601	-
Advances to other funds	-	-	-	-	-
Compensated absences	-	-	-	-	-
Total liabilities	<u>-</u>	<u>6,968</u>	<u>-</u>	<u>1,632,524</u>	<u>-</u>
Fund Balances:					
Unreserved, undesignated	<u>27,397</u>	<u>3,758</u>	<u>873,441</u>	<u>(1,548,866)</u>	<u>261,353</u>
Total fund balances	<u>27,397</u>	<u>3,758</u>	<u>873,441</u>	<u>(1,548,866)</u>	<u>261,353</u>
Total liabilities and and fund balances	<u>\$ 27,397</u>	<u>\$ 10,726</u>	<u>\$ 873,441</u>	<u>\$ 83,658</u>	<u>\$ 261,353</u>

<u>State Library</u>	<u>Police Asset Seizure</u>	<u>Measure A Sales Tax</u>	<u>Highway Emergency Relief</u>	<u>Hunt Avenue Underground</u>	<u>State Highway</u>	<u>Safety Augmentation</u>
\$ 221,468	\$ 55,878	\$ 930,192	\$ -	\$ -	\$ -	\$ 110,145
-	-	43,482	-	-	-	8,251
-	-	-	-	-	-	-
-	-	5,718	-	-	-	-
<u>\$ 221,468</u>	<u>\$ 55,878</u>	<u>\$ 979,392</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 118,396</u>

\$ -	\$ -	\$ -	\$ -	\$ 13,814	\$ -	\$ -
-	-	-	288,578	437,610	1,513,587	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>288,578</u>	<u>451,424</u>	<u>1,513,587</u>	<u>-</u>
<u>221,468</u>	<u>55,878</u>	<u>979,392</u>	<u>(288,578)</u>	<u>(451,424)</u>	<u>(1,513,587)</u>	<u>118,396</u>
<u>221,468</u>	<u>55,878</u>	<u>979,392</u>	<u>(288,578)</u>	<u>(451,424)</u>	<u>(1,513,587)</u>	<u>118,396</u>
<u>\$ 221,468</u>	<u>\$ 55,878</u>	<u>\$ 979,392</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 118,396</u>

(Continued)

City of San Bruno
Combining Balance Sheet
All Special Revenue Funds, Continued
June 30, 2002
(With comparative totals for June 30, 2001)

	Supplemental Law Enforcement	State Law Enforcement	SB 322 Recycling/Liter Clean-Up	California Law Enforcement Equipment Program	Traffic Congestion Relief
ASSETS					
Pooled cash and investments	\$ 11,589	\$ 88,348	\$ 1,995	\$ 144,104	\$ 92,711
Receivables:					
Taxes	-	-	-	-	-
Interest	534	856	-	-	-
Due from other agencies	-	-	-	-	-
Total assets	\$ 12,123	\$ 89,204	\$ 1,995	\$ 144,104	\$ 92,711
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ 673	\$ 21,474	\$ -
Due to other funds	-	-	-	-	-
Advances to other funds	-	-	-	-	-
Compensated absences	-	-	-	-	-
Total liabilities	-	-	673	21,474	-
Fund Balances:					
Unreserved, undesignated	12,123	89,204	1,322	122,630	92,711
Total fund balances	12,123	89,204	1,322	122,630	92,711
Total liabilities and fund balances	\$ 12,123	\$ 89,204	\$ 1,995	\$ 144,104	\$ 92,711

Low/ Moderate Income	Redevelopment Operating	Totals	
		2002	2001
\$ 133,889	\$ 714,705	\$ 3,663,929	\$ 6,739,010
18,316	73,264	143,313	63,882
-	-	8,991	53,079
-	-	95,787	6,173
<u>\$ 152,205</u>	<u>\$ 787,969</u>	<u>\$ 3,912,020</u>	<u>\$ 6,862,144</u>

\$ -	\$ 545,720	\$ 816,572	\$ 888,960
-	-	3,644,376	2,128,025
-	1,067,600	1,067,600	1,067,600
-	2,504	2,504	-
<u>-</u>	<u>1,615,824</u>	<u>5,531,052</u>	<u>4,084,585</u>
<u>152,205</u>	<u>(827,855)</u>	<u>(1,619,032)</u>	<u>2,777,559</u>
<u>152,205</u>	<u>(827,855)</u>	<u>(1,619,032)</u>	<u>2,777,559</u>
<u>\$ 152,205</u>	<u>\$ 787,969</u>	<u>\$ 3,912,020</u>	<u>\$ 6,862,144</u>

City of San Bruno

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

All Special Revenue Funds

For the year ended June 30, 2002

(With comparative totals for the year ended June 30, 2001)

	Park In-Lieu	Agency on Aging	Gas Tax	Federal Aviation Administration Grant
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	72,540	800,749	1,429,427
Use of money and property	-	-	39,269	23,893
Miscellaneous	-	37,666	-	3,200
Total revenues	-	110,206	840,018	1,456,520
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Highway and streets	-	-	128,008	-
Parks and recreation	-	111,068	-	-
Library	-	-	-	-
Noise abatement	-	-	-	5,011,732
Capital outlay	-	-	-	-
Total expenditures	-	111,068	128,008	5,011,732
REVENUES OVER (UNDER) EXPENDITURES	-	(862)	712,010	(3,555,212)
OTHER FINANCING SOURCES (USES):				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	(691,002)	-
Total other financing sources (uses)	-	-	(691,002)	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	-	(862)	21,008	(3,555,212)
FUND BALANCES:				
Beginning of year	27,397	4,620	852,433	2,006,346
End of year	\$ 27,397	\$ 3,758	\$ 873,441	\$ (1,548,866)

State Reimbursement ILL Program	State Library	Police Asset Seizure	Measure A Sales Tax	Highway Emergency Relief	Hunt Avenue Underground	State Highway	Safety Augmentation
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
70,851	62,106	-	586,808	-	-	405,000	102,907
-	-	-	-	-	-	-	-
-	-	2,579	-	-	-	27,602	-
70,851	62,106	2,579	586,808	-	-	432,602	102,907
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	1,099,749	-	325,084	137,255	-
-	-	-	-	-	-	-	-
5,852	17,066	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
5,852	17,066	-	1,099,749	-	325,084	137,255	-
64,999	45,040	2,579	(512,941)	-	(325,084)	295,347	102,907
-	-	-	-	-	-	-	-
-	-	-	(21,780)	-	-	(19,465)	(90,000)
-	-	-	(21,780)	-	-	(19,465)	(90,000)
64,999	45,040	2,579	(534,721)	-	(325,084)	275,882	12,907
196,354	176,428	53,299	1,514,113	(288,578)	(126,340)	(1,789,469)	105,489
\$ 261,353	\$ 221,468	\$ 55,878	\$ 979,392	\$ (288,578)	\$ (451,424)	\$ (1,513,587)	\$ 118,396

(Continued)

City of San Bruno

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

All Special Revenue Funds, Continued

For the year ended June 30, 2002

(With comparative totals for the year ended June 30, 2001)

	Supplemental Law Enforcement	State Law Enforcement	SB 322 Recycling/Liter Clean-Up	California Law Enforcement Equipment Program
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	18,401	100,000	23,576	42,574
Use of money and property	2,748	4,900	-	-
Miscellaneous	-	-	-	-
Total revenues	21,149	104,900	23,576	42,574
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	62,356	38,229	-	34,376
Highway and streets	-	-	-	-
Parks and recreation	-	-	22,014	-
Library	-	-	-	-
Noise abatement	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	62,356	38,229	22,014	34,376
REVENUES OVER (UNDER) EXPENDITURES	(41,207)	66,671	1,562	8,198
OTHER FINANCING SOURCES (USES):				
Operating transfers in	-	-	-	-
Operating transfers out	-	(100,000)	(372)	-
Total other financing sources (uses)	-	(100,000)	(372)	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	(41,207)	(33,329)	1,190	8,198
FUND BALANCES:				
Beginning of year	53,330	122,533	132	114,432
End of year	\$ 12,123	\$ 89,204	\$ 1,322	\$ 122,630

Traffic Congestion Relief	Low/ Moderate Income	Redevelopment Operating	Totals	
			2002	2001
\$ -	\$ 192,483	\$ 454,039	\$ 646,522	\$ 320,845
92,711	-	-	3,807,650	6,037,930
-	-	-	70,810	151,567
-	-	7,051	78,098	65,424
92,711	192,483	461,090	4,603,080	6,575,766
-	48,626	116,351	164,977	
-	-	-	134,961	116,332
297,586	-	-	1,987,682	1,544,768
-	-	-	133,082	128,142
-	-	-	22,918	29,751
-	-	-	5,011,732	1,794,249
-	-	-	-	123,009
297,586	48,626	116,351	7,455,352	3,736,251
(204,875)	143,857	344,739	(2,852,272)	2,839,515
-	-	-	-	75,000
-	(48,500)	(573,200)	(1,544,319)	(1,121,700)
-	(48,500)	(573,200)	(1,544,319)	(1,046,700)
(204,875)	95,357	(228,461)	(4,396,591)	1,792,815
297,586	56,848	(599,394)	2,777,559	984,744
\$ 92,711	\$ 152,205	\$ (827,855)	\$ (1,619,032)	\$ 2,777,559

(Concluded)

City of San Bruno

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances -

Budget and Actual - Special Revenue Funds

For the year ended June 30, 2002

	Park In-Lieu			Agency on Aging		
	Revised Budget	Actual	Variance	Revised Budget	Actual	Variance
REVENUES:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	61,000	72,540	11,540
Use of money and property	-	-	-	-	-	-
Miscellaneous	-	-	-	50,300	37,666	(12,634)
Total revenues	-	-	-	111,300	110,206	(1,094)
EXPENDITURES:						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highway and streets	-	-	-	-	-	-
Parks and recreation	-	-	-	106,472	111,068	(4,596)
Library	-	-	-	-	-	-
Noise abatement	-	-	-	-	-	-
Total expenditures	-	-	-	106,472	111,068	(4,596)
REVENUES OVER (UNDER) EXPENDITURES	-	-	-	4,828	(862)	(5,690)
OTHER FINANCING SOURCES (USES):						
Operating transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ 4,828</u>	<u>(862)</u>	<u>\$ (5,690)</u>
FUND BALANCES:						
Beginning of year		27,397			4,620	
End of year		<u>\$ 27,397</u>			<u>\$ 3,758</u>	

Gas Tax			Federal Aviation Administration Grant			State Reimbursement ILL Program		
Revised Budget	Actual	Variance	Revised Budget	Actual	Variance	Revised Budget	Actual	Variance
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
835,000	800,749	(34,251)	4,010,400	1,429,427	(2,580,973)	41,000	70,851	29,851
30,000	39,269	9,269	160,000	23,893	(136,107)	-	-	-
-	-	-	-	3,200	3,200	-	-	-
865,000	840,018	(24,982)	4,170,400	1,456,520	(2,713,880)	41,000	70,851	29,851
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
1,609,375	128,008	1,481,367	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	5,852	(5,852)
-	-	-	4,987,069	5,011,732	(24,663)	-	-	-
1,609,375	128,008	1,481,367	4,987,069	5,011,732	(24,663)	-	5,852	(5,852)
(744,375)	712,010	1,456,385	(816,669)	(3,555,212)	(2,738,543)	41,000	64,999	23,999
-	(691,002)	(691,002)	-	-	-	-	-	-
-	(691,002)	(691,002)	-	-	-	-	-	-
<u>\$ (744,375)</u>	21,008	<u>\$ 765,383</u>	<u>\$ (816,669)</u>	(3,555,212)	<u>\$ (2,738,543)</u>	<u>\$ 41,000</u>	64,999	<u>\$ 23,999</u>
	852,433			2,006,346			196,354	
	<u>\$ 873,441</u>			<u>\$ (1,548,866)</u>			<u>\$ 261,353</u>	

(Continued)

City of San Bruno

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances -

Budget and Actual - Special Revenue Funds, Continued

For the year ended June 30, 2002

	State Library			Police Asset Seizure		
	Revised Budget	Actual	Variance	Revised Budget	Actual	Variance
REVENUES:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	70,086	62,106	(7,980)	-	-	-
Use of money and property	-	-	-	-	-	-
Miscellaneous	-	-	-	100	2,579	2,479
Total revenues	<u>70,086</u>	<u>62,106</u>	<u>(7,980)</u>	<u>100</u>	<u>2,579</u>	<u>2,479</u>
EXPENDITURES:						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highway and streets	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-
Library	-	17,066	(17,066)	-	-	-
Noise abatement	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>17,066</u>	<u>(17,066)</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES OVER (UNDER)						
EXPENDITURES	<u>70,086</u>	<u>45,040</u>	<u>(25,046)</u>	<u>100</u>	<u>2,579</u>	<u>2,479</u>
OTHER FINANCING SOURCES (USES):						
Operating transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>\$ 70,086</u>	<u>45,040</u>	<u>\$ (25,046)</u>	<u>\$ 100</u>	<u>2,579</u>	<u>\$ 2,479</u>
FUND BALANCES:						
Beginning of year		<u>176,428</u>			<u>53,299</u>	
End of year		<u>\$ 221,468</u>			<u>\$ 55,878</u>	

Measure A Sales Tax			Highway Emergency Relief			Hunt Avenue Underground		
Revised Budget	Actual	Variance	Revised Budget	Actual	Variance	Revised Budget	Actual	Variance
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
650,000	586,808	(63,192)	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
650,000	586,808	(63,192)	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
1,417,050	1,099,749	317,301	-	-	-	2,819,954	325,084	2,494,870
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
1,417,050	1,099,749	317,301	-	-	-	2,819,954	325,084	2,494,870
(767,050)	(512,941)	254,109	-	-	-	(2,819,954)	(325,084)	2,494,870
-	(21,780)	(21,780)	-	-	-	-	-	-
-	(21,780)	(21,780)	-	-	-	-	-	-
<u>\$ (767,050)</u>	<u>(534,721)</u>	<u>\$ 232,329</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ (2,819,954)</u>	<u>(325,084)</u>	<u>\$ 2,494,870</u>
	<u>1,514,113</u>			<u>(288,578)</u>			<u>(126,340)</u>	
	<u>\$ 979,392</u>			<u>\$ (288,578)</u>			<u>\$ (451,424)</u>	

(Continued)

City of San Bruno

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances -

Budget and Actual - Special Revenue Funds, Continued

For the year ended June 30, 2002

	State Highway			Safety Augmentation		
	Revised Budget	Actual	Variance	Revised Budget	Actual	Variance
REVENUES:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	984,000	405,000	(579,000)	90,000	102,907	12,907
Use of money and property	-	-	-	-	-	-
Miscellaneous	-	27,602	27,602	-	-	-
Total revenues	<u>984,000</u>	<u>432,602</u>	<u>(551,398)</u>	<u>90,000</u>	<u>102,907</u>	<u>12,907</u>
EXPENDITURES:						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highway and streets	1,503,647	137,255	1,366,392	-	-	-
Parks and recreation	-	-	-	-	-	-
Library	-	-	-	-	-	-
Noise abatement	-	-	-	-	-	-
Total expenditures	<u>1,503,647</u>	<u>137,255</u>	<u>1,366,392</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(519,647)</u>	<u>295,347</u>	<u>814,994</u>	<u>90,000</u>	<u>102,907</u>	<u>12,907</u>
OTHER FINANCING SOURCES (USES):						
Operating transfers out	-	(19,465)	(19,465)	(90,000)	(90,000)	-
Total other financing sources (uses)	<u>-</u>	<u>(19,465)</u>	<u>(19,465)</u>	<u>(90,000)</u>	<u>(90,000)</u>	<u>-</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>\$ (519,647)</u>	<u>275,882</u>	<u>\$ 795,529</u>	<u>\$ -</u>	<u>12,907</u>	<u>\$ 12,907</u>
FUND BALANCES:						
Beginning of year		<u>(1,789,469)</u>			<u>105,489</u>	
End of year		<u>\$ (1,513,587)</u>			<u>\$ 118,396</u>	

Supplemental Law Enforcement			State Law Enforcement			SB 322 Recycling/Liter Clean-Up		
Revised Budget	Actual	Variance	Revised Budget	Actual	Variance	Revised Budget	Actual	Variance
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	18,401	18,401	100,000	100,000	-	-	23,576	23,576
1,000	2,748	1,748	16,000	4,900	(11,100)	-	-	-
-	-	-	-	-	-	-	-	-
1,000	21,149	20,149	116,000	104,900	(11,100)	-	23,576	23,576
-	-	-	-	-	-	-	-	-
-	62,356	(62,356)	100,588	38,229	62,359	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	12,008	22,014	(10,006)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	62,356	(62,356)	100,588	38,229	62,359	12,008	22,014	(10,006)
1,000	(41,207)	(42,207)	15,412	66,671	51,259	(12,008)	1,562	13,570
-	-	-	-	(100,000)	(100,000)	-	(372)	(372)
-	-	-	-	(100,000)	(100,000)	-	(372)	(372)
\$ 1,000	(41,207)	\$ (42,207)	\$ 15,412	(33,329)	\$ (48,741)	\$ (12,008)	1,190	\$ 13,198
	53,330			122,533			132	
\$	12,123		\$	89,204		\$	1,322	

(Continued)

City of San Bruno

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances -

Budget and Actual - Special Revenue Funds, Continued

For the year ended June 30, 2002

	California Law					
	Enforcement Equipment Program			Traffic Congestion Relief		
	Revised Budget	Actual	Variance	Revised Budget	Actual	Variance
REVENUES:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	42,574	42,574	-	92,711	92,711
Use of money and property	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total revenues	-	42,574	42,574	-	92,711	92,711
EXPENDITURES:						
Current:						
General government	-	-	-	-	-	-
Public safety	-	34,376	(34,376)	-	-	-
Highway and streets	-	-	-	298,000	297,586	414
Parks and recreation	-	-	-	-	-	-
Library	-	-	-	-	-	-
Noise abatement	-	-	-	-	-	-
Total expenditures	-	34,376	(34,376)	298,000	297,586	414
REVENUES OVER (UNDER)						
EXPENDITURES	-	8,198	8,198	(298,000)	(204,875)	93,125
OTHER FINANCING						
SOURCES (USES):						
Operating transfers out	-	-	-	-	-	-
Total other financing						
sources (uses)	-	-	-	-	-	-
REVENUES AND OTHER						
FINANCING SOURCES OVER						
(UNDER) EXPENDITURES AND						
OTHER FINANCING USES	\$ -	8,198	\$ 8,198	\$ (298,000)	(204,875)	\$ 93,125
FUND BALANCES:						
Beginning of year		114,432			297,586	
End of year		<u>\$ 122,630</u>			<u>\$ 92,711</u>	

Low/Moderate Housing			Redevelopment Operating			Totals		
Revised Budget	Actual	Variance	Revised Budget	Actual	Variance	Revised Budget	Actual	Variance
\$ 160,000	\$ 192,483	\$ 32,483	\$ 350,000	\$ 454,039	\$ 104,039	\$ 510,000	\$ 646,522	\$ 136,522
-	-	-	-	-	-	6,841,486	3,807,650	(3,033,836)
-	-	-	-	-	-	207,000	70,810	(136,190)
-	-	-	-	7,051	7,051	50,400	78,098	27,698
160,000	192,483	32,483	350,000	461,090	111,090	7,608,886	4,603,080	(3,005,806)
107,831	48,626	59,205	797,796	116,351	681,445	905,627	164,977	740,650
-	-	-	-	-	-	100,588	134,961	(34,373)
-	-	-	-	-	-	7,648,026	1,987,682	5,660,344
-	-	-	-	-	-	118,480	133,082	(14,602)
-	-	-	-	-	-	-	22,918	(22,918)
-	-	-	-	-	-	4,987,069	5,011,732	(24,663)
107,831	48,626	59,205	797,796	116,351	681,445	13,759,790	7,455,352	6,304,438
52,169	143,857	91,688	(447,796)	344,739	792,535	(6,150,904)	(2,852,272)	3,298,632
-	(48,500)	(48,500)	(200,000)	(573,200)	(373,200)	(290,000)	(1,544,319)	(1,254,319)
-	(48,500)	(48,500)	(200,000)	(573,200)	(373,200)	(290,000)	(1,544,319)	(1,254,319)
\$ 52,169	95,357	\$ 43,188	\$ (647,796)	(228,461)	\$ 419,335	\$ (6,440,904)	(4,396,591)	\$ 2,044,313
	56,848			(599,394)			2,777,559	
	\$ 152,205			\$ (827,855)			\$ (1,619,032)	

(Concluded)

City of San Bruno
Combining Balance Sheet
Debt Service Funds
June 30, 2002

	Parking District	San Bruno/ Bart Police Station	Totals	
			2002	2001
ASSETS				
Pooled cash and investments	\$ 81,136	\$ -	\$ 81,136	\$ 82,012
Restricted pooled cash and investments	-	898,850	898,850	1,424,478
Total assets	<u>\$ 81,136</u>	<u>\$ 898,850</u>	<u>\$ 979,986</u>	<u>\$ 1,506,490</u>
FUND BALANCES				
Reserved for:				
Debt service	\$ 81,136	\$ 898,850	\$ 979,986	\$ 1,506,490
Total fund balances	<u>\$ 81,136</u>	<u>\$ 898,850</u>	<u>\$ 979,986</u>	<u>\$ 1,506,490</u>

City of San Bruno

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Debt Service Funds

For the year ended June 30, 2002

	Parking District	San Bruno/ Bart Police Station	Totals	
			2002	2001
REVENUES:				
Taxes	\$ 127,429	\$ -	\$ 127,429	\$ 99,318
Use of money and property	-	43,092	43,092	-
Total revenues	127,429	43,092	170,521	99,318
EXPENDITURES:				
Debt service:				
Principal	75,000	-	75,000	70,000
Interest and fiscal charges	53,305	568,720	622,025	27,137
Total expenditures	128,305	568,720	697,025	97,137
REVENUES OVER (UNDER) EXPENDITURES	(876)	(525,628)	(526,504)	2,181
FUND BALANCES:				
Beginning of year	82,012	1,424,478	1,506,490	1,504,309
End of year	\$ 81,136	\$ 898,850	\$ 979,986	\$ 1,506,490

City of San Bruno

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances -

Budget and Actual - All Debt Service Funds

For the year ended June 30, 2002

	Parking District		
	Revised Budget	Actual	Variance
REVENUES:			
Taxes	\$ -	\$ 127,429	\$ 127,429
Use of money and property	-	-	-
Total revenues	-	127,429	127,429
EXPENDITURES:			
Current:			
Principal	-	75,000	75,000
Interest and fiscal charges	-	53,305	(53,305)
Total expenditures	-	128,305	(128,305)
REVENUES OVER (UNDER) EXPENDITURES	\$ -	(876)	\$ (876)
FUND BALANCES:			
Beginning of year		82,012	
End of year		\$ 81,136	

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San Bruno/BartPolice Station			Totals		
Revised Budget	Actual	Variance	Revised Budget	Actual	Variance
\$ -	\$ -	\$ -	\$ -	\$ 127,429	\$ 127,429
-	43,092	43,092	-	43,092	43,092
-	43,092	43,092	-	170,521	170,521
-	-	-	-	75,000	75,000
-	568,720	(568,720)	-	622,025	(622,025)
-	568,720	(568,720)	-	697,025	(697,025)
<u>\$ -</u>	(525,628)	<u>\$ (525,628)</u>	<u>\$ -</u>	(526,504)	<u>\$ (526,504)</u>
	1,424,478			1,506,490	
	<u>\$ 898,850</u>			<u>\$ 979,986</u>	

City of San Bruno
Combining Balance Sheet
All Capital Projects Funds
June 30, 2002

(With comparative totals for June 30, 2001)

	General Capital	Edwin Johnson Bequest	San Bruno/ Bart Police Station	Redevelopment Capital
ASSETS				
Pooled cash and investments	\$ 563,131	\$ -	\$ -	\$ 481,863
Restricted pooled cash and investments	1,360,674	-	1,658,784	-
Accounts receivable	-	-	73,264	-
Total assets	<u>\$ 1,923,805</u>	<u>\$ -</u>	<u>\$ 1,732,048</u>	<u>\$ 481,863</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 22,519	\$ -	\$ 173,307	\$ -
Due to other funds	-	-	399,835	-
Advances from other funds	-	-	-	835,000
Total liabilities	<u>22,519</u>	<u>-</u>	<u>573,142</u>	<u>835,000</u>
Fund Balances:				
Reserved for:				
Capital projects	<u>1,901,286</u>	<u>-</u>	<u>1,158,906</u>	<u>(353,137)</u>
Total fund balances	<u>1,901,286</u>	<u>-</u>	<u>1,158,906</u>	<u>(353,137)</u>
Total liabilities and fund balances	<u>\$ 1,923,805</u>	<u>\$ -</u>	<u>\$ 1,732,048</u>	<u>\$ 481,863</u>

Totals	
2002	2001
\$ 1,044,994	\$ 739,369
3,019,458	8,529,721
73,264	-
<u>\$ 4,137,716</u>	<u>\$ 9,269,090</u>

\$ 195,826	\$ 476,170
399,835	1,463,312
835,000	-
<u>1,430,661</u>	<u>1,939,482</u>

<u>2,707,055</u>	<u>7,329,608</u>
<u>2,707,055</u>	<u>7,329,608</u>

<u>\$ 4,137,716</u>	<u>\$ 9,269,090</u>
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City of San Bruno

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

All Capital Projects Funds

For the year ended June 30, 2002

(With comparative totals for the year ended June 30, 2001)

	General Capital Fund	Edwin Johnson Bequest	San Bruno/ Bart Police Station	Redevelopment Capital
REVENUES:				
Licenses and permits	\$ 561,070	\$ -	\$ -	\$ -
Use of money and property	-	-	367,225	-
Other	984,600	-	7,052	-
Total revenues	1,545,670	-	374,277	-
EXPENDITURES:				
Current:				
General government	-	-	266,161	168,017
Capital outlay	1,484,887	-	5,720,067	320,777
Total expenditures	1,484,887	-	5,986,228	488,794
REVENUES OVER (UNDER) EXPENDITURES	60,783	-	(5,611,951)	(488,794)
OTHER FINANCING SOURCES (USES):				
Operating transfers in	-	-	-	200,000
Operating transfers out	(10,494)	-	-	(64,343)
Proceeds from loan	1,360,674	-	-	-
Bond issuance costs	-	-	-	-
Total other financing sources uses	1,350,180	-	-	135,657
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	1,410,963	-	(5,611,951)	(353,137)
FUND BALANCES (DEFICIT):				
Beginning of year	490,323	68,428	6,770,857	-
Residual equity transfer	-	(68,428)	-	-
End of year	\$ 1,901,286	\$ -	\$ 1,158,906	\$ (353,137)

Totals	
2002	2001
\$ 561,070	\$ 434,820
367,225	-
991,652	11,194
1,919,947	446,014

434,178	-
7,525,731	2,798,434
7,959,909	2,798,434

(6,039,962)	(2,352,420)
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200,000	1,084,300
(74,837)	-
1,360,674	9,600,000
-	(329,737)
1,485,837	10,354,563

(4,554,125)	8,002,143
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7,329,608	(672,535)
(68,428)	-
\$ 2,707,055	\$ 7,329,608

City of San Bruno

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances -

Budget and Actual - All Capital Projects Funds

For the year ended June 30, 2002

	General Capital Fund			Edwin Johnson Bequest		
	Revised Budget	Actual	Variance	Revised Budget	Actual	Variance
REVENUES:						
Licenses and permits	\$ 115,400	\$ 561,070	\$ 445,670	\$ -	\$ -	\$ -
Use of money and property	-	-	-	-	-	-
Other	-	984,600	984,600	-	-	-
Total revenues	<u>115,400</u>	<u>1,545,670</u>	<u>1,430,270</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES:						
Current:						
General government	-	-	-	-	-	-
Capital outlay	<u>4,553,473</u>	<u>1,484,887</u>	<u>3,068,586</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>4,553,473</u>	<u>1,484,887</u>	<u>3,068,586</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(4,438,073)</u>	<u>60,783</u>	<u>4,498,856</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):						
Operating transfers in	984,600	-	(984,600)	-	-	-
Operating transfers out	(10,494)	(10,494)	-	-	-	-
Proceeds from loan	<u>1,360,674</u>	<u>1,360,674</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources uses	<u>2,334,780</u>	<u>1,350,180</u>	<u>(984,600)</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u><u>\$ (2,103,293)</u></u>	<u>1,410,963</u>	<u><u>\$ 3,514,256</u></u>	<u><u>\$ -</u></u>	<u>-</u>	<u><u>\$ -</u></u>
FUND BALANCES (DEFICIT):						
Beginning of year		490,323			68,428	
Residual equity transfer		<u>-</u>			<u>(68,428)</u>	
End of year		<u><u>\$ 1,901,286</u></u>			<u><u>\$ -</u></u>	

San Bruno/Bart Police Station			Redevelopment Capital			Totals		
Revised Budget	Actual	Variance	Revised Budget	Actual	Variance	Revised Budget	Actual	Variance
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 115,400	\$ 561,070	\$ 445,670
-	367,225	367,225	-	-	-	-	367,225	367,225
-	7,052	7,052	-	-	-	-	991,652	991,652
-	374,277	374,277	-	-	-	115,400	1,919,947	1,804,547
7,850	266,161	258,311	217,000	168,017	(48,983)	224,850	434,178	209,328
15,813	5,720,067	(5,704,254)	718,000	320,777	397,223	5,287,286	7,525,731	(2,238,445)
23,663	5,986,228	(5,962,565)	935,000	488,794	446,206	5,512,136	7,959,909	(2,447,773)
(23,663)	(5,611,951)	(5,588,288)	(935,000)	(488,794)	446,206	(5,396,736)	(6,039,962)	(643,226)
-	-	-	-	200,000	200,000	984,600	200,000	(784,600)
-	-	-	(64,343)	(64,343)	-	(74,837)	(74,837)	-
-	-	-	-	-	-	1,360,674	1,360,674	-
-	-	-	(64,343)	135,657	200,000	2,270,437	1,485,837	(784,600)
<u>\$ (23,663)</u>	<u>(5,611,951)</u>	<u>\$ (5,588,288)</u>	<u>\$ (999,343)</u>	<u>(353,137)</u>	<u>\$ 646,206</u>	<u>\$ (3,126,299)</u>	<u>(4,554,125)</u>	<u>\$ (1,427,826)</u>
	6,770,857			-			7,329,608	
	-			-			(68,428)	
	<u>\$ 1,158,906</u>			<u>\$ (353,137)</u>			<u>\$ 2,707,055</u>	

City of San Bruno
Combining Balance Sheet
All Enterprise Funds

June 30, 2002

(With comparative totals for June 30, 2001)

	Water	Stormwater	Wastewater	Cable Television
ASSETS				
Current assets:				
Pooled cash and investments	\$ 5,273,909	\$ 899,894	\$ 5,169,055	\$ 304,244
Restricted pooled cash and investments	-	-	9,372,467	-
Receivables:				
Accounts	-	-	-	-
Interest	43,207	7,421	42,749	3,227
Utilities	815,818	-	699,104	60,715
Other	-	-	-	3,960
Inventory	287,000	-	-	20,562
Total current assets	6,419,934	907,315	15,283,375	392,708
Noncurrent assets:				
Fixed assets, net	8,891,396	-	6,243,534	9,325,776
Deferred charges	-	-	427,533	-
Total noncurrent assets	8,891,396	-	6,671,067	9,325,776
Total assets	\$ 15,311,330	\$ 907,315	\$ 21,954,442	\$ 9,718,484
LIABILITIES AND FUND EQUITY				
Liabilities:				
Current liabilities:				
Accounts payable	\$ 302,352	\$ 23,569	\$ 175,799	\$ 226,659
Due to other funds	-	-	-	-
Advances from other funds	-	-	1,000,000	-
Compensated absences	64,917	-	56,776	195,239
Refundable deposits	76,087	-	-	-
Current portion of long-term debt	-	-	197,648	-
Total current liabilities	443,356	23,569	1,430,223	421,898
Noncurrent liabilities:				
2002 Certificates of Participation	-	-	9,645,000	-
Capital lease obligation	-	-	-	-
Total Noncurrent liabilities	-	-	9,645,000	-
Total liabilities	443,356	23,569	11,075,223	421,898
Fund Equity:				
Contributed capital	3,033,056	-	64,947	172,854
Retained earnings:				
Unreserved	11,834,918	883,746	10,814,272	9,123,732
Total fund equity (deficit)	14,867,974	883,746	10,879,219	9,296,586
Total liabilities and fund equity	\$ 15,311,330	\$ 907,315	\$ 21,954,442	\$ 9,718,484

Totals	
2002	2001
\$ 11,647,102	\$ 14,371,038
9,372,467	-
-	23,615
96,604	227,119
1,575,637	1,360,987
3,960	-
307,562	307,562
23,003,332	16,290,321
24,460,706	19,308,663
427,533	-
24,888,239	19,308,663
\$ 47,891,571	\$ 35,598,984
\$ 728,379	\$ 1,331,077
-	113,500
1,000,000	1,056,896
316,932	316,141
76,087	136,746
197,648	40,448
2,319,046	2,994,808
9,645,000	-
-	42,648
9,645,000	42,648
11,964,046	3,037,456
3,270,857	3,248,518
32,656,668	29,313,010
35,927,525	32,561,528
\$ 47,891,571	\$ 35,598,984

City of San Bruno

Combining Statement of Revenues, Expenses, and Changes in Retained Earnings

All Enterprise Funds

For the year ended June 30, 2002

(With comparative totals for the year ended June 30, 2001)

	Water	Stormwater	Wastewater	Cable Television
OPERATING REVENUES:				
Water sales	\$ 5,780,398	\$ -	\$ -	\$ -
Sewer charges	-	-	5,142,167	-
Cable television charges	-	-	-	6,208,017
Other	355,784	653,370	125,498	10,594
Total operating revenues	6,136,182	653,370	5,267,665	6,218,611
OPERATING EXPENSES:				
Water supply	2,483,182	-	-	-
Distribution	888,471	-	-	-
Customer accounting	739,164	-	-	-
Transmission	-	-	1,067,342	5,716,419
Treatment	-	-	2,539,944	-
Collections	-	97,056	-	-
Depreciation	366,347	-	74,550	150,911
Total operating expenses	4,477,164	97,056	3,681,836	5,867,330
OPERATING INCOME (LOSS)	1,659,018	556,314	1,585,829	351,281
NONOPERATING REVENUES (EXPENSES):				
Investment income	224,821	33,454	277,906	16,239
Interest expense	-	(25,898)	(155,678)	-
Total nonoperating revenues (expenses)	224,821	7,556	122,228	16,239
INCOME (LOSS) BEFORE OPERATING TRANSFERS	1,883,839	563,870	1,708,057	367,520
OPERATING TRANSFERS:				
Operating transfers in	-	-	-	-
Operating transfers out	(465,251)	(219,117)	(350,660)	(144,600)
Total operating transfers	(465,251)	(219,117)	(350,660)	(144,600)
Net income (loss)	1,418,588	344,753	1,357,397	222,920
RETAINED EARNINGS:				
Beginning of year	10,416,330	538,993	9,456,875	8,900,812
End of year	\$ 11,834,918	\$ 883,746	\$ 10,814,272	\$ 9,123,732

Totals	
2002	2001
\$ 5,780,398	\$ 5,205,977
5,142,167	4,951,618
6,208,017	6,051,069
1,145,246	989,617
18,275,828	17,198,281
2,483,182	2,760,902
888,471	780,380
739,164	523,317
6,783,761	5,925,061
2,539,944	2,314,097
97,056	51,476
591,808	627,041
14,123,386	12,982,274
4,152,442	4,216,007
552,420	775,414
(181,576)	(39,095)
370,844	736,319
4,523,286	4,952,326
-	10,000
(1,179,628)	(2,275,600)
(1,179,628)	(2,265,600)
3,343,658	2,686,726
29,313,010	26,626,284
\$ 32,656,668	\$ 29,313,010

City of San Bruno
Combining Balance Sheet
All Internal Service Funds
June 30, 2002

(With comparative totals for June 30, 2001)

	Central Garage	Self - Insurance	General Equipment Reserve	Technology Development
ASSETS				
Current assets:				
Pooled cash and investments	\$ -	\$ 789,356	\$ 2,582,563	\$ 87,780
Restricted pooled cash and investments	-	56,200	-	-
Due from other funds	225,450	-	-	397,961
Advances to other funds	-	-	2,583,900	-
Total current assets	225,450	845,556	5,166,463	485,741
Fixed assets, net	34,643	-	-	654,154
Total assets	<u>\$ 260,093</u>	<u>\$ 845,556</u>	<u>\$ 5,166,463</u>	<u>\$ 1,139,895</u>
LIABILITIES AND FUND EQUITY				
Liabilities:				
Current liabilities:				
Accounts payable	\$ 6,139	\$ 51,714	\$ 364	\$ 28,087
Due to other funds	97,800	-	950,139	-
Claims payable	-	1,300,391	-	-
Compensated absences	18,348	-	-	5,596
Total liabilities	122,287	1,352,105	950,503	33,683
Fund Equity:				
Contributed capital	37,709	27,684	1,993,085	836,408
Retained earnings:				
Reserved for advances to other funds	-	-	2,583,900	-
Unreserved	100,097	(534,233)	(361,025)	269,804
Total fund equity	137,806	(506,549)	4,215,960	1,106,212
Total liabilities and fund equity	<u>\$ 260,093</u>	<u>\$ 845,556</u>	<u>\$ 5,166,463</u>	<u>\$ 1,139,895</u>

Facilities Maintenance	Totals	
	2002	2001
\$ 59,470	\$ 3,519,169	\$ 4,521,962
-	56,200	56,200
326,728	950,139	280,693
-	2,583,900	1,805,796
386,198	7,109,408	6,664,651
56,627	745,424	43,565
<u>\$ 442,825</u>	<u>\$ 7,854,832</u>	<u>\$ 6,708,216</u>

\$ 9,554	\$ 95,858	\$ 157,415
-	1,047,939	314,944
-	1,300,391	1,042,609
28,027	51,971	20,676
37,581	2,496,159	1,535,644
-	2,894,886	-
-	2,583,900	1,805,796
405,244	(120,113)	3,366,776
405,244	5,358,673	5,172,572
<u>\$ 442,825</u>	<u>\$ 7,854,832</u>	<u>\$ 6,708,216</u>

City of San Bruno

Combining Statement of Revenues, Expenses, and Changes in Retained Earnings

All Internal Service Funds

For the year ended June 30, 2002

(With comparative totals for the year ended June 30, 2001)

	Central Garage	Self - Insurance	General Equipment Reserve	Technology Development
OPERATING REVENUES:				
Charges for current services	\$ 424,325	\$ 1,311,489	\$ 747,494	\$ 605,400
Total operating revenues	<u>424,325</u>	<u>1,311,489</u>	<u>747,494</u>	<u>605,400</u>
OPERATING EXPENSES:				
Central garage	482,050	-	-	-
Depreciation	4,260	-	-	6,873
Insurance premiums, claims and administration	-	2,022,225	-	-
Equipment replacement	-	-	589,678	-
Technology support	-	-	-	513,751
Facilities maintenance	-	-	-	-
Total operating expenses	<u>486,310</u>	<u>2,022,225</u>	<u>589,678</u>	<u>520,624</u>
OPERATING INCOME (LOSS)	<u>(61,985)</u>	<u>(710,736)</u>	<u>157,816</u>	<u>84,776</u>
OPERATING TRANSFERS:				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Total operating transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net income (loss)	<u>(61,985)</u>	<u>(710,736)</u>	<u>157,816</u>	<u>84,776</u>
RETAINED EARNINGS:				
Beginning of year	162,082	176,503	4,648,959	185,028
Residual equity transfer	-	-	-	-
End of year	<u>\$ 100,097</u>	<u>\$ (534,233)</u>	<u>\$ 4,806,775</u>	<u>\$ 269,804</u>

Facilities Maintenance	Totals	
	2002	2001
\$ 814,300	\$ 3,903,008	\$ 539,329
814,300	3,903,008	539,329
-	482,050	437,462
-	11,133	2,327
-	2,022,225	1,144,460
-	589,678	461,007
-	513,751	440,672
821,888	821,888	-
821,888	4,440,725	2,485,928
(7,588)	(537,717)	(1,946,599)
-	-	2,409,570
-	-	(8,900)
-	-	2,400,670
(7,588)	(537,717)	454,071
-	5,172,572	4,718,501
412,832	412,832	-
\$ 405,244	\$ 5,047,687	\$ 5,172,572

City of San Bruno

Combining Statement of Cash Flows

All Internal Service Funds

For the year ended June 30, 2002

(With comparative totals for the year ended June 30, 2001)

	Central Garage	Self - Insurance	General Equipment Reserve	Technology Development
CASH FLOWS FROM OPERATING ACTIVITIES:				
Operating income (loss)	\$ (61,985)	\$ (710,736)	\$ 157,816	\$ 84,776
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	4,260	-	-	6,873
Effect of changes in assets and liabilities:				
Receivables	-	-	-	-
Due from other funds	(14,757)	-	-	(327,961)
Advances to other funds	-	-	(3,362,004)	-
Accounts payable	(7,502)	(13,997)	(41,971)	(7,641)
Claims payable	-	257,782	-	-
Due to other funds	63,549	-	669,446	-
Compensated absences	3,268	-	-	-
Net cash provided (used) by operating activities	(13,167)	(466,951)	(2,576,713)	(243,953)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and construction of fixed assets	(24,542)	-	-	(631,823)
Contributions to contributed capital	37,709	27,684	1,993,085	836,408
Residual equity transfer	-	-	-	-
Net cash provided (used) by capital and related financing activities	13,167	27,684	1,993,085	204,585
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Net cash provided (used) by noncapital financing activities	-	-	-	-
Net increase (decrease) in cash and investments	-	(439,267)	(583,628)	(39,368)
CASH AND INVESTMENTS:				
Beginning of year	-	1,284,823	3,166,191	127,148
End of year	\$ -	\$ 845,556	\$ 2,582,563	\$ 87,780

Facilities Maintenance	Totals	
	2002	2001
\$ (7,588)	\$ (537,717)	\$ (1,946,599)
-	11,133	2,327
-	-	76,877
(326,728)	(669,446)	(71,760)
-	(3,362,004)	(1,532,014)
9,554	(61,557)	43,182
-	257,782	-
-	732,995	106,011
28,027	31,295	7,976
(296,735)	(3,597,519)	(3,314,000)
(56,627)	(712,992)	(35,504)
-	2,894,886	-
412,832	412,832	-
356,205	2,594,726	(35,504)
-	-	2,409,570
-	-	(8,900)
-	-	2,400,670
59,470	(1,002,793)	(948,834)
-	4,578,162	5,526,996
\$ 59,470	\$ 3,575,369	\$ 4,578,162

City of San Bruno
Combining Balance Sheet
All Agency Funds
June 30, 2002
(With comparative totals for June 30, 2001)

	Development Project	San Bruno Garbage Company	Totals	
			2002	2001
ASSETS				
Pooled cash and investments	\$ -	\$ 194,490	\$ 194,490	\$ 284,016
Receivables:				
Accounts	-	418,814	418,814	411,954
Due from developers	324,000	-	324,000	324,000
Total assets	\$ 324,000	\$ 613,304	\$ 937,304	\$ 1,019,970
LIABILITIES				
Accounts payable	\$ 46,094	\$ 296,334	\$ 342,428	\$ 503,494
Due to other funds	57,964	-	57,964	-
Customer and other deposits	219,942	316,970	536,912	516,476
Total liabilities	\$ 324,000	\$ 613,304	\$ 937,304	\$ 1,019,970

City of San Bruno
Comparative Schedules of General Fixed Assets by Source
General Fixed Assets Account Group
June 30, 2002 and 2001

	Totals	
	2002	2001
GENERAL FIXED ASSETS:		
Land	\$ 547,797	\$ 547,797
Buildings and improvements	7,077,474	10,514,434
Machinery, equipment and vehicles	7,865,816	7,865,814
Total general fixed assets	\$ 15,491,087	\$ 18,928,045
INVESTMENTS IN GENERAL FIXED ASSETS		
FROM GENERAL FUND	\$ 15,491,087	\$ 18,928,045

City of San Bruno
Comparative Balance Sheets
General Long-Term Debt Account Group
June 30, 2002 and 2001

	Totals	
	2002	2001
GENERAL LONG-TERM DEBT:		
Amount available for the retirement of long-term debt	\$ 979,986	\$ 82,012
Amount to be provided for the retirement of long-term debt	11,417,525	11,254,146
Total general long-term debt	\$ 12,397,511	\$ 11,336,158
Compensated absences	\$ 1,436,837	\$ 1,736,158
Bonds payable	9,600,000	9,600,000
Loan payable	1,360,674	-
	\$ 12,397,511	\$ 11,336,158

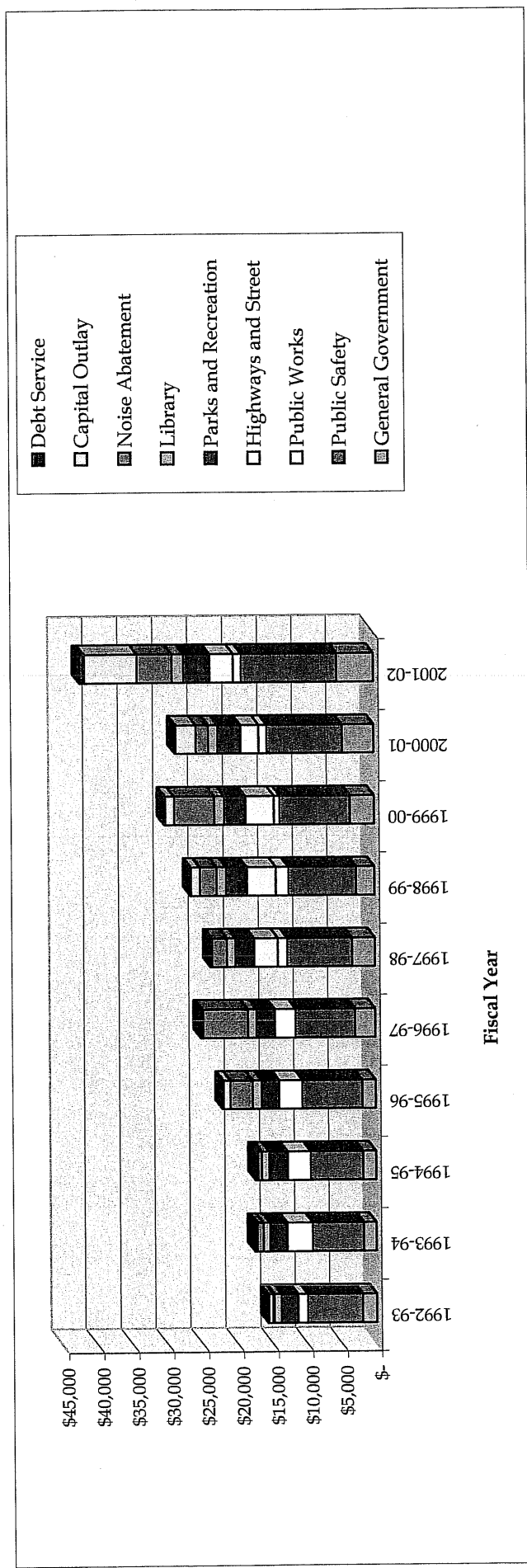
STATISTICAL SECTION

City of San Bruno

Governmental Expenditures by Function

Last Ten Fiscal Years (In thousands)

(Unaudited)

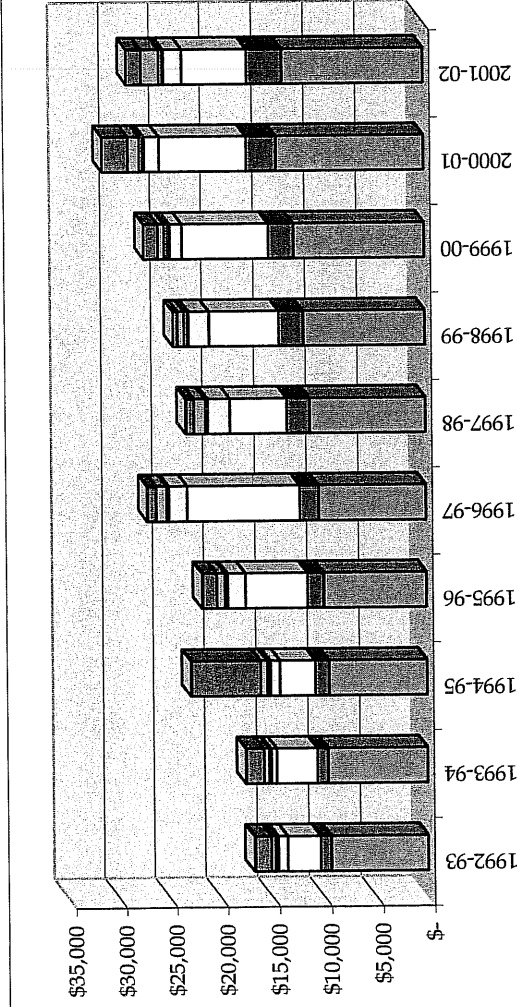


Fiscal Year	General Government	Public Safety	Public Works	Highways and Street	Parks and Recreation	Library	Noise Abatement	Capital Outlay	Debt Service	Total
1992-93	\$ 1,982	\$ 8,016	\$ 1,432	\$ -	\$ 2,428	993	\$ 206	\$ 574	\$ 97	\$ 15,728
1993-94	1,761	7,499	3,663	-	2,476	946	878	179	177	17,579
1994-95	1,813	7,676	3,337	-	2,646	1,063	496	303	115	17,449
1995-96	1,884	8,716	3,379	-	2,516	1,302	3,177	1,008	117	22,099
1996-97	2,880	8,689	2,991	-	2,640	1,214	6,415	231	104	25,164
1997-98	3,252	9,438	1,393	3,349	2,719	1,190	2,108	206	96	23,751
1998-99	2,608	9,862	1,819	4,160	2,990	1,309	2,433	1,270	96	26,547
1999-00	3,445	10,251	835	4,058	3,090	1,338	5,813	1,271	98	30,199
2000-01	4,535	10,972	1,137	2,590	3,311	1,313	1,794	2,937	97	28,686
2001-02	5,277	13,844	1,136	3,377	3,775	1,612	5,012	7,526	697	42,256

Source: City of San Bruno, General Purpose Financial Statements

Note: Amounts rounded to the nearest thousand

City of San Bruno
General Governmental Revenues by Source
Last Ten Fiscal Years (In thousands)
(Unaudited)



Fiscal Year

Fiscal Year	Taxes	Licenses & Permits	Inter-governmental	Charges for Current Services	Fines, Forfeits, and Other Revenue	Use of Money & Property	Miscellaneous	Special Assessments	Total
1992-93	\$ 9,373	\$ 1,034	\$ 3,178	\$ 902	\$ 291	\$ 344	\$ 1,546	100	\$ 16,767
1993-94	9,604	1,057	3,921	507	204	460	1,693	90	17,536
1994-95	9,461	1,332	3,430	903	270	646	6,696	96	22,834
1995-96	9,888	1,610	5,954	1,754	258	796	1,321	93	21,674
1996-97	10,350	1,819	10,911	1,802	235	1,012	820	104	27,054
1997-98	11,152	2,217	5,491	2,144	235	1,097	742	96	23,173
1998-99	11,712	2,374	6,724	2,021	426	634	456	-	24,346
1999-00	12,579	2,453	8,379	1,208	551	626	1,419	-	27,215
2000-01	14,210	2,877	8,512	1,481	501	1,117	2,607	-	31,305
2001-02	13,600	3,406	6,280	1,827	477	1,720	1,512	-	28,822

Source: City of San Bruno, General Purpose Financial Statements

Note: Amounts rounded to the nearest thousand

City of San Bruno
Property Tax Levies and Collections
Last Ten Fiscal Years
(Unaudited)

<u>Fiscal Year</u>	<u>Rate</u>	<u>Allocations</u>	<u>Apportionments</u>	<u>Delinquency</u>	<u>Delinquent Taxes as a Percent of Allocations</u>
1992-93	1.00	\$ 2,602	\$ 2,543	59.8	2.3%
1993-94	1.00	2,613	2,613	n/a	0.0%
1994-95	1.00	2,646	2,646	n/a	0.0%
1995-96	1.00	2,699	2,699	n/a	0.0%
1996-97	1.00	2,713	2,713	n/a	0.0%
1997-98	1.00	2,767	2,767	n/a	0.0%
1998-99	1.00	2,954	2,954	n/a	0.0%
1999-00	1.00	3,318	3,318	n/a	0.0%
2000-01	1.00	3,041	3,041	n/a	0.0%
2001-02	1.00	3,534	3,534	n/a	0.0%

Source: City of San Bruno

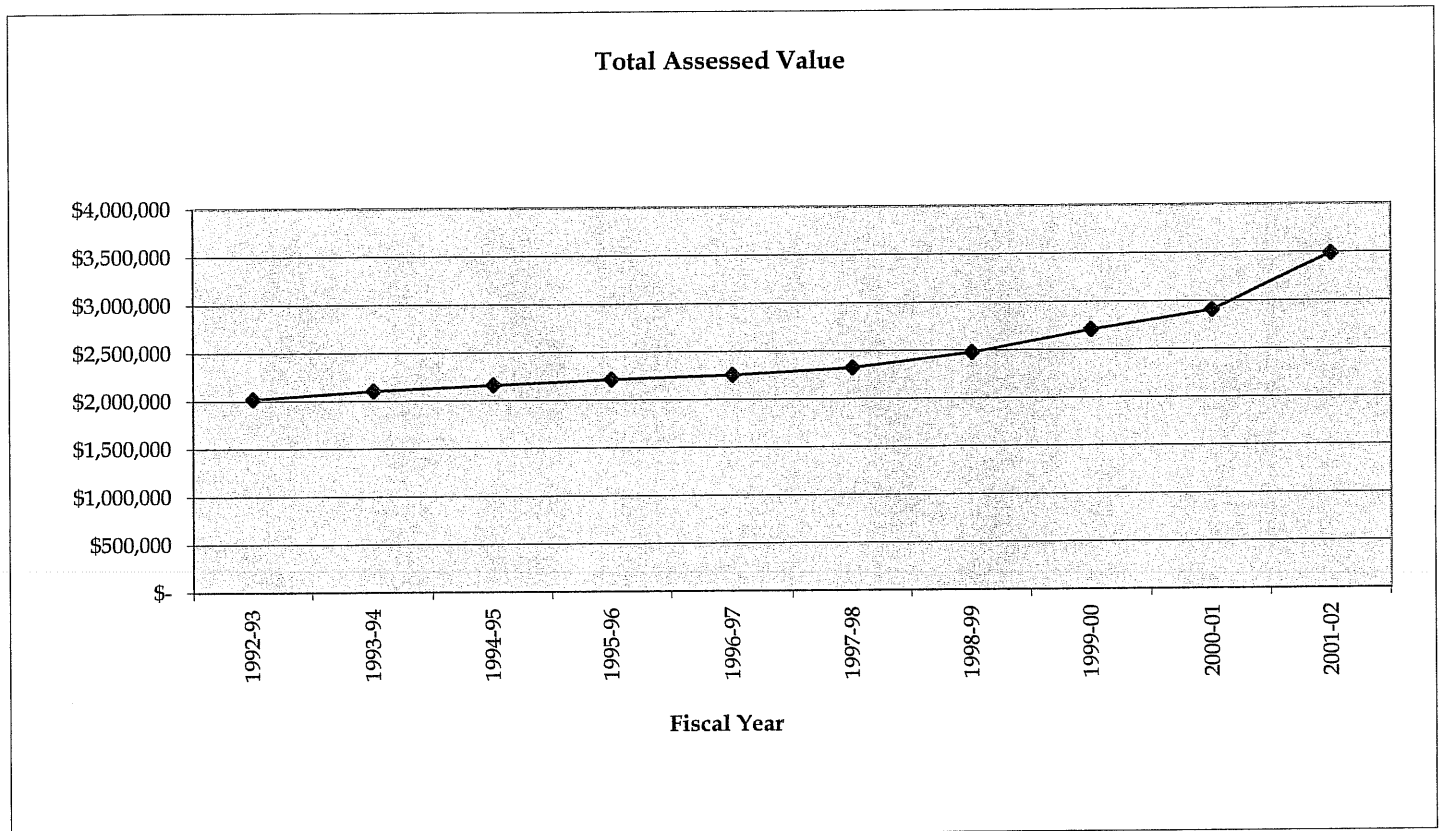
Note: Amounts rounded to the nearest thousand
Teeter Plan went into effect 1993-94

City of San Bruno

Assessed and Estimated Actual Value of Property

Last Ten Fiscal Years (In thousands)

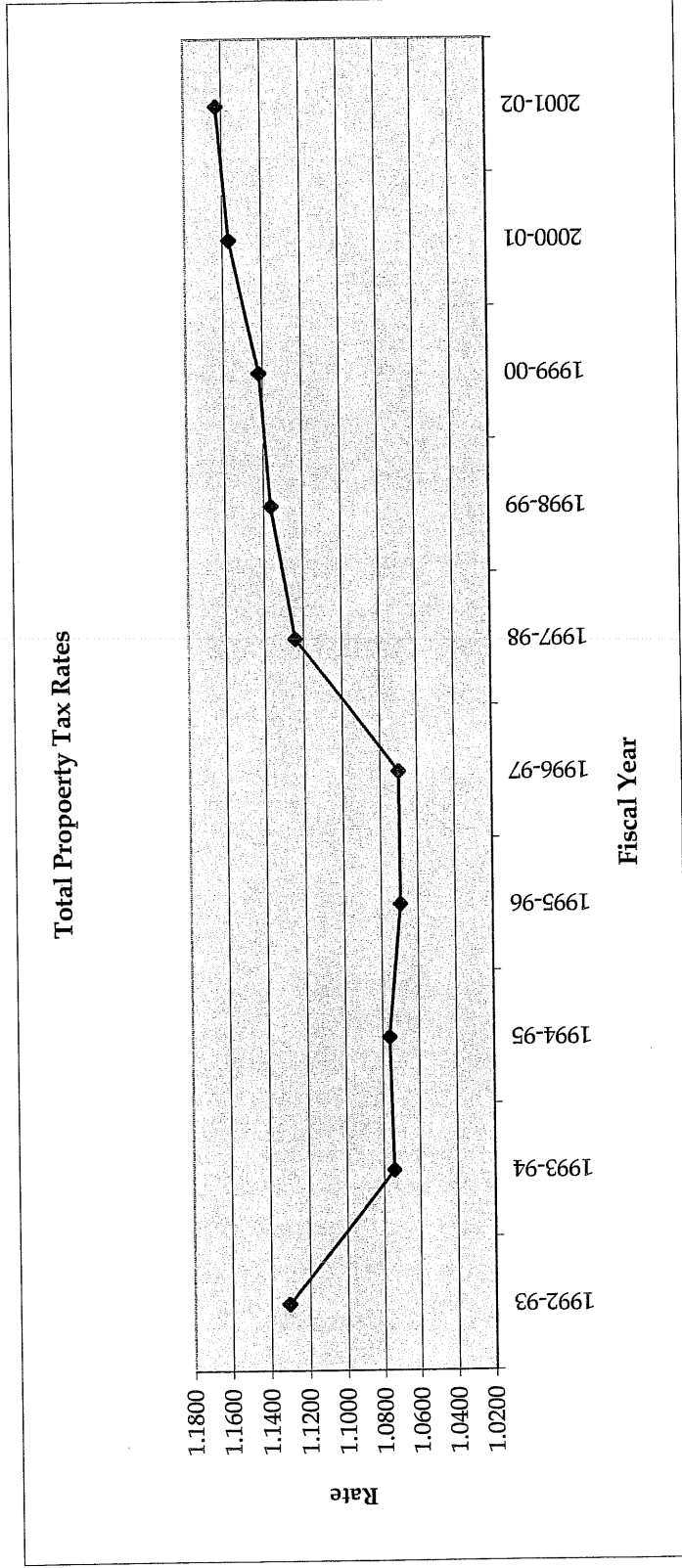
(Unaudited)



<u>Fiscal Year</u>	<u>Real Property</u> <u>Assessed Value</u>	<u>Personal Property</u> <u>Assessed Value</u>	<u>Total Assessed</u> <u>Value</u>
1992-93	\$ 1,908,382	\$ 110,076	\$ 2,018,458
1993-94	1,985,176	119,239	2,104,415
1994-95	2,034,037	127,936	2,161,973
1995-96	2,088,867	124,359	2,213,226
1996-97	2,130,488	122,584	2,253,073
1997-98	2,230,050	93,576	2,323,626
1998-99	2,350,986	124,032	2,475,018
1999-00	2,564,566	141,431	2,705,997
2000-01	2,736,431	166,832	2,903,263
2001-02	3,295,218	191,857	3,487,075

Source: San Mateo County Assessor's Office

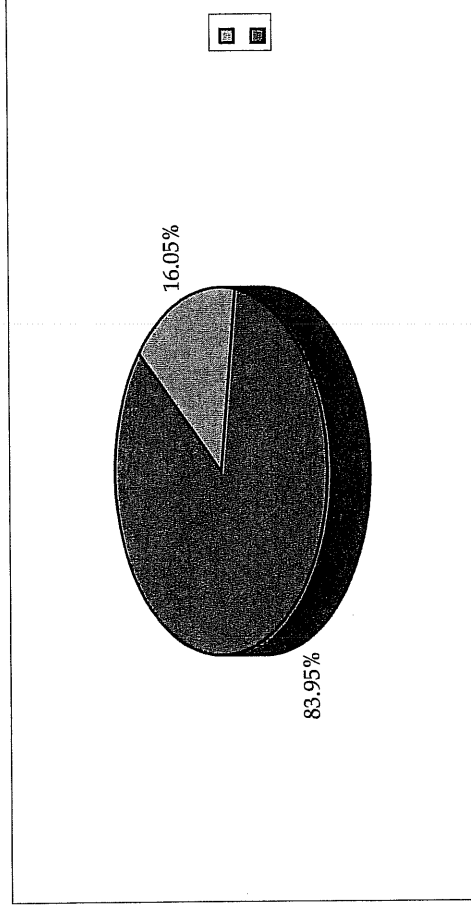
City of San Bruno
Property Tax Rates - All Overlapping Governments
Last Ten Fiscal Years (In thousands)
(Unaudited)



<u>Fiscal Year</u>	<u>City</u>	<u>County</u>	<u>School Districts</u>	<u>Special Districts</u>	<u>Total</u>
1992-93	None	1.0000	0.1311	None	1.1311
1993-94	None	1.0000	0.0746	None	1.0746
1994-95	None	1.0000	0.0764	None	1.0764
1995-96	None	1.0000	0.0698	None	1.0698
1996-97	None	1.0000	0.0702	None	1.0702
1997-98	None	1.0000	0.1248	None	1.1248
1998-99	None	1.0000	0.1368	None	1.1368
1999-00	None	1.0000	0.1423	None	1.1423
2000-01	None	1.0000	0.1571	None	1.1571
2001-02	None	1.0000	0.1634	None	1.1634

City of San Bruno
Principal Taxpayers
June 30, 2002, (In thousands)
(Unaudited)

Total Assessed Valuation \$ 3,295,218

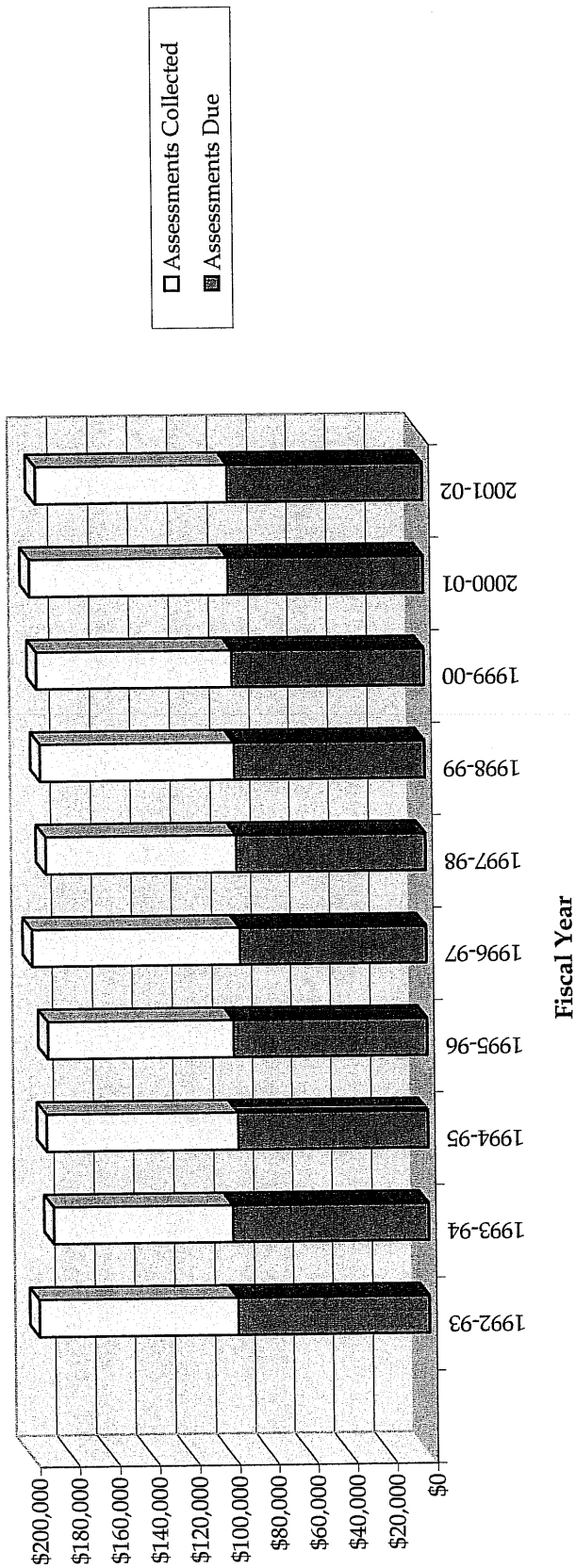


<u>Rank</u>	<u>Taxpayer</u>	<u>Total Assessed</u> <u>Valuation</u>	<u>Cumulative</u> <u>Total</u>	<u>Percent of Total</u> <u>Valuation</u>	<u>Cumulative</u> <u>Percentage</u>
1	The Gap Inc.	\$ 271,603	\$ 271,603	8.24%	8.24%
2	Bayhill Four Associates	118,606	390,209	3.60%	11.84%
3	Aimco San Bruno Apts Partners	43,080	433,289	1.31%	13.15%
4	San Bruno Seventeen et al	34,955	468,244	1.06%	14.21%
5	RB Lake Amir Office Et Al	27,857	496,101	0.85%	15.06%
6	Crystal Springs Associates	27,583	523,684	0.84%	15.89%
7	Tanforan Park Shopping Center	26,557	550,241	0.81%	16.70%
8	J C Penny Co. Inc	23,216	573,457	0.70%	17.40%
9	Martin/Regis San Bruno Assoc.	22,491	595,948	0.68%	18.09%
10	Lowes HIW Inc. Lessee	22,163	618,111	0.67%	18.76%

Source: City of San Bruno

Note: Amounts rounded to the nearest thousand

City of San Bruno
Special Assessments Billings and Collections
Last Ten Fiscal Years
(Unaudited)



<u>Fiscal Year</u>	<u>Assessments Due</u>	<u>Assessments Collected</u>
1992-93		99,509
1993-94		89,863
1994-95		95,897
1995-96		93,124
1996-97		103,914
1997-98		95,530
1998-99		97,212
1999-00		97,896
2000-01		99,318
2001-02		96,029
	\$	\$
	96,657	
	98,851	
	95,890	
	97,652	
	94,204	
	95,529	
	96,215	
	96,889	
	98,500	
	98,500	

Source: City of San Bruno

City of San Bruno
Computation of Legal Debt Margin
June 30, 2002
(Unaudited)

Assessed Value	\$ 3,295,217,910
Legal Debt Limit	329,521,791
Less Outstanding Bonded Debt	-
Legal Debt Margin	<u>\$ 329,521,791</u>

Source: City of San Bruno

City of San Bruno

Direct and Estimated Overlapping Bonded Debt

June 30, 2002

(Unaudited)

<u>Jurisdiction</u>	<u>Percentage Applicable to City of San Bruno</u>	<u>Amount Applicable to City of San Bruno</u>
Overlapping Tax and Assessment Debt		
South San Francisco Unified School District	1.41%	\$ 519
San Mateo Union High School District	10.22%	6,130
San Bruno Park School District	79.04%	22,477
Millbrae School District Maintenance Assessment District	1.87%	16
City of San Bruno 1915 Act Bonds	100%	250
Total Overlapping Tax and Assessment Debt		\$ 29,392

Source: City of San Bruno

Note: Amounts rounded to the nearest thousand

City of San Bruno
Demographic Statistics
Last Ten Fiscal Years
(Unaudited)

<u>Fiscal Year</u>	<u>Population</u> ¹	<u>Per Capita Income</u> ²	<u>Median Age</u> ²	<u>School Enrollment</u> ³	<u>Unemployment</u> ⁴
1992-93	39,750	18,172	0.0	n/a	4.9%
1993-94	39,950	18,666	0.0	3,683	4.6%
1994-95	40,300	18,821	0.0	3,703	4.2%
1995-96	40,600	19,055	0.0	3,846	3.3%
1996-97	41,050	19,321	0.0	3,936	2.6%
1997-98	41,500	20,224	0.0	3,975	2.4%
1998-99	41,700	21,063	0.0	3,902	1.9%
1999-00	40,165	22,017	0.0	3,906	1.4%
2000-01	40,165	23,014	36.3	3,906	3.4%
2001-02	40,350	26,360	36.3	3,906	4.5%

¹ City of San Bruno, Community & Economic Development Department; US Census; ABAG - Estimates

² Association of Bay Area Governments - Estimate

³ California State Department of Education

⁴ California State Department of Finance

City of San Bruno
Building Permit Valuation and Bank Deposits
Last Ten Fiscal Years
(Unaudited)

<u>Fiscal Year</u>	<u>Building Permit Revenue</u> ¹	<u>Construction Valuation</u> ¹	<u>Bank Deposits</u> ²
1992-93	\$ 204,646	\$ -	\$ -
1993-94	258,000	-	516,179,000
1994-95	300,548	14,247,427	531,327,000
1995-96	490,239	29,589,309	572,523,000
1996-97	443,435	23,318,689	585,924,000
1997-98	372,700	15,489,948	538,730,000
1998-99	700,450	33,514,182	532,080,000
1999-00	608,000	42,000,000	557,433,000
2000-01	455,310	25,944,639	630,795,000
2001-02	580,312	29,947,161	671,812,000

¹ City of San Bruno, Community and Economic Development Department

² Federal Deposit Insurance Corporation

Source: City of San Bruno

City of San Bruno
Miscellaneous Statistics
January 1, 2001 to December 30, 2002
(Unaudited)

Date of Incorporation	December 23, 1914
Form of Government	Council (5)/Manager
Number of employees (excluding police and fire)	
Classified	139
Exempt	9
Area in square miles	6.4
Miles of Streets	85
Street Lights	1,972
Government Facilities and Services	
Fire Protection:	
Number of stations	2
Number of fire personnel and officers	37
Number of calls answered	3,434
Number of inspections conducted	725
Police Protection:	
Number of Police Personnel and Officers	51 sworn, 20 non-sworn
Number of Patrol Units	14 market units
Number of Law Violations	
Physical Arrests	1,442
Traffic Violations	1,808
Parking Violations	11,702
Recreation Services:	
Community centers	4
Parks	18
Park acreage	211
Swimming Pools	1
Tennis courts	4
Waste Water System:	
Miles of sanitary sewers	150
Miles of storm sewers	69
Number of service connections	11,405
Water System:	
Miles of water mains	150
Number of service connections	11,405
Number of fire hydrants	1,000
Daily average consumption in gallons	4,324,436

Source: City of San Bruno

